

**FISCAL YEAR 2010
MONITORING REPORT ON THE
VOCATIONAL REHABILITATION AND
INDEPENDENT LIVING PROGRAMS
IN THE STATE OF
NEW HAMPSHIRE**



**U.S. DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND
REHABILITATIVE SERVICES
REHABILITATION SERVICES ADMINISTRATION**

DECEMBER 13, 2010

TABLE OF CONTENTS

	Page
Executive Summary	1
Introduction and RSA Review Process.....	5
Chapter 1: Vocational Rehabilitation (VR) and Supported Employment (SE) Programs of the New Hampshire Vocational Rehabilitation (NHVR)	7
Chapter 2: Independent Living (IL) Program	21
Chapter 3: Independent Living Services Program for Older Individuals Who Are Blind (OIB)	26
Chapter 4: Fiscal Management of NHVR VR, SE, IL, and OIB Programs.....	29
Chapter 5: Progress Toward Redressing Findings From Prior RSA Reviews.....	44
Appendix A: Agency Response	47
Appendix B: Explanations of Data Tables.....	59
Appendix C: Explanations Applicable to Fiscal Profile Tables 4.1-4.3	62

EXECUTIVE SUMMARY

During fiscal year (FY) 2010, the Rehabilitation Services Administration (RSA) reviewed the performance of the following programs authorized by the *Rehabilitation Act of 1973*, as amended (the Act) in the state of New Hampshire (NH):

- the VR program, established under Title I;
- the SE program, established under Title VI, Part B;
- the IL program, authorized under Title VII, Part B; and
- the OIB program, established under Title VII, Chapter 2.

New Hampshire Administration of the VR, SE, IL and OIB Programs

NHVR is a combined agency whose designated state agency (DSA) is the NH Department of Education, State Board of Education (NHSBE). NHVR has administrative responsibility over the VR, IL, Part B and OIB programs.

NHVR Performance over the Past Five Years

Based on data provided by NHVR through various RSA reporting instruments, the agency's employment rate increased from 72.4 to 76.4 percent during the period beginning in FY 2004 and ending in FY 2008. Over this same period, the number of applicants for VR services decreased from 3,214 to 2,807, the number of individuals who received services under an individualized plan for employment (IPE) decreased from 1,720 to 1,596, and the number of individuals the agency assisted to achieve an employment outcome decreased from 1,245 to 1,219. From FY 2004 through FY 2008, the average hourly earnings of those individuals who achieved an employment outcome increased from \$10.00 to \$11.53.

Additionally during the period, of those individuals who achieved an employment outcome, the number who achieved an SE outcome increased from 45 to 47. The average hourly earnings for these individuals increased from \$6.44 to \$8.10.

The State contracts with Granite State Independent Living, the umbrella name of the four Part C grantees, which the state recognizes as one CIL, and two other IL service providers. Through these three service contracts, the number of individuals served through the NHVR IL program increased from 669 in FY 2006 to 764 in FY 2009. During the same time, the number of individuals served through the agency's OIB program decreased from 714 to 641.

Observations of the Agency and Stakeholders

Through the course of the review, agency personnel and representatives of stakeholders, such as the State Rehabilitation Council (SRC), the Statewide Independent Living Council (SILC), the Services for the Blind and Visually-Impaired (SBVI) Advisory Committee, and the Client Assistance Program (CAP), shared information concerning the administration and performance of the NHVR VR, SE, IL, and OIB programs. During the review, they made the observations included below.

- NHVR places significant resources and effort toward program development to serve transition-age youths, with an emphasis on sector-based employment.
- NHVR does not routinely fund post-secondary education and inform consumers of this option.
- The Business Development Coordinator (BDC) has been able to augment current and develop new partnerships with employers and other stakeholders statewide.
- NHVR has difficulty serving individuals with severe and persistent mental illness (SPMI), and NHVR's relationship with mental health needs to be improved.
- NHVR has a strong presence in NHWorks (One-Stop Career Centers). However, the level of confidentiality of VR consumers served on-site at the centers is inconsistent.
- NHVR and the SRC, the SILC, and the CILs share a positive working relationship and strong support from a variety of stakeholders.

Strengths and Challenges

Based on the observations from the agency and its stakeholders and other information gathered through the review process, RSA concluded that NHVR exhibited a variety of strengths and challenges that impact the performance of its VR, SE, IL and OIB programs.

Strengths

Partnerships: NHVR has been an active member of the National Community of Practice (CoP) on transition for five years in an effort to connect community partners toward more effective policy and practice, as well as improved service delivery capacity for the population of transition-age youths. As a result of these efforts, two transition resource centers have been established. Staff of the transition centers assist students and their families to work with the transition team to facilitate a seamless movement from the individualized education plan (IEP) to the IPE. Originally funded through the federal Department of Labor (DOL), one center is funded by a Medicaid Infrastructure Grant (MIG) grant while the other is funded through a combination of American Reinvestment and Recovery Act of 2009 (ARRA) funds and fee-for-service funds.

In addition, two employment projects were established (Projects START and SEARCH) through the joint leadership of multiple agencies working collaboratively under the CoP to generate opportunities for the achievement of sector-based employment. While both projects are only in their second year, due to their success, they are being replicated in other areas of the state during FY 2010. NHVR is beginning to collect data on these two projects in order to determine the effectiveness of the programs. Additionally, NHVR has forged effective partnerships with the SRC, the SILC, the CILs, and other IL stakeholders to improve the quality of IL services provided to consumers with significant disabilities in the state.

Business Community Outreach: In 2005, NHVR added a BDC to its personnel. Since that time, a Job Placement Specialist (JPS) was hired, with an additional specialist to be added in FY 2010. Prior to establishing the JPS positions, NHVR did not have positions solely dedicated to job placement. Although NHVR does purchase placement services, VR counselors have ultimate responsibility for seeing that this service is provided. The BDC has been instrumental in working through CoP initiatives, sector-based employment projects, and the development of

other corporate or small business initiatives to enhance employment opportunities for NHVR consumers across the state.

Benefits Specialists: NHVR increased its capacity to serve supplemental security income (SSI) recipients and social security disability insurance (SSDI) beneficiaries by establishing a Benefits Specialist Unit (BSU) made up of three specialists with an extensive VR background. Prior to establishing the unit, the agency utilized, when necessary, benefits analysis and counseling services from Granite State Independent Living. As a result of establishing the unit, NHVR has experienced an increase in Social Security reimbursements.

One-Stop Visibility: Due to its presence in the 13 NHWorks locations throughout the state, either on an itinerant or co-location basis, NHVR has a strong working relationship with the one-stop centers. As a result of this relationship, NHWorks has become the fourth largest referral source for NHVR.

Impact of Centralizing Accounting Function: The centralization of NHVR's accounting process has allowed Account Clerks located in the field to be reclassified to Rehabilitation Technicians who serve as an added resource to assist VR counselors. The centralization process included the addition of internal fiscal controls, such as the daily review of requested purchase orders by management staff and the ability to dialogue with VR counselors for further clarification when needed.

Challenges

Service Delivery: NH does not have an effective statewide public transportation system. Although NHVR has a high employment rate, self-employment is an underutilized employment option for individuals in this rural state. While VR counselors spend a significant portion of their time in the community, there are fewer employment opportunities available in the most rural areas of the state, particularly the Northern region.

In addition, NHVR utilizes a case management system (CMS) that was originally developed in FY 1990 and is not web-based, thus creating technological limitations that may impact service delivery.

Hours Worked Per Week and Employer Provided Medical Insurance for Adults Achieving Employment Outcomes: While the percentage of competitive employment outcomes achieved by NHVR consumers averaged 95.7 percent in FY 2008, the quality of their outcomes with respect to the number of hours worked per week and the number with employer-provided medical insurance was disproportionately low.

Hours Worked Per Week and Employer Provided Medical Insurance for Transition-Age Youths Achieving Employment Outcomes: While the percentage of competitive employment outcomes achieved by transition-age youths averaged 72 percent in FY 2008, the percentage related to quality outcomes specific to hours worked per week and employer-provided medical insurance was disproportionately low, thus mirroring the employment outcomes for the adult population.

SE: Funding for extended services is limited in NH. Despite NHVR's efforts to work with the Bureau of Behavioral Health (BBH) to develop a memorandum of understanding, funds for the mental health population have been cut.

NHVR's Contract Management for IL Part B Services: NHVR's contracts with IL service providers lacked specific provisions related to contract deliverables, clearly defined services, the documentation required for the reimbursement of services, and program evaluation responsibilities.

DSU Duties: The DSU convenes a volunteer panel to review Requests for Proposals (RFPs) to receive IL Part B funds. The panel members are either current or former SILC members, some of whom have financial interests in the selection of awards.

Fiscal Planning: NHVR conducts fiscal planning for the VR, IL Part B, and OIB programs in isolation, and has not combined the programs into a comprehensive agency plan with overall priorities. The agency has utilized strategies to maximize the resources of each program, such as innovation and expansion (I & E) funds and the transfer of Social Security program income.

Acknowledgement

RSA wishes to express appreciation to the representatives of the NHSBE and NHVR, the SRC, the SILC and the stakeholders who assisted the RSA monitoring team in the review of NHVR.

INTRODUCTION AND RSA REVIEW PROCESS

Introduction

Section 107 of the Act requires the Commissioner of RSA to conduct annual reviews and periodic on-site monitoring of programs authorized under Title I of the Act to determine whether a state VR agency is complying substantially with the provisions of its State Plan under section 101 of the Act and with the evaluation standards and performance indicators established under section 106. In addition, the Commissioner must assess the degree to which VR agencies are complying with the assurances made in the State Plan Supplement for SE Services under Title VI, Part B, of the Act and the IL programs offered under Title VII of the Act are substantially complying with their respective State Plan assurances and program requirements.

To fulfill its monitoring responsibilities, RSA:

- reviews the state agency's performance in assisting eligible individuals with disabilities to achieve high-quality employment and IL outcomes;
- identifies strengths and challenges related to the agency's performance, areas of consistently high or improved performance and those areas of performance in need of improvement;
- recommends strategies to improve performance;
- requires corrective actions in response to compliance findings; and
- provides technical assistance (TA) to the state agency to enable it to enhance its performance, meet its goals and fulfill its State Plan assurances.

Review Process

Pursuant to the Act, RSA reviewed the performance of the following programs administered by NHVR:

- the VR program, established under Title I;
- the SE program, established under Title VI, Part B;
- the IL program authorized under Title VII, Part B; and
- the OIB program, established under Title VII, Chapter 2.

Information Gathering and Review Process Activities

During FY 2010, RSA began its review of NHVR by analyzing information including, but not limited to, RSA's various data collections, NHVR's VR and IL State Plans, and NHVR's SRC's Annual Report. After completing its internal review, the RSA team carried out the following information gathering activities with NHVR and stakeholders in order to gain a greater understanding of NHVR's strengths and challenges:

- conducted five teleconferences with the NHVR's management;
- conducted five teleconferences with NHVR's IL program staff, and SILC members and administrative staff, and OIB staff and SBVI Advisory Committee members;
- conducted 13 individual calls with VR and IL stakeholders; and

- conducted an on-site monitoring visit from November 2 through November 6 and met with staff of NHVR, the CAP, and the SILC, the SRC, and other stakeholders.

Data Used During the Review

RSA's review of NHVR began in the fall of 2009 and ended in the summer of 2010. This report relies primarily on those data collections available for a completed fiscal year prior to the beginning of the review (e.g., FY 2008) as the sources of data describing the performance of NHVR.

Results of Review Activities

At the conclusion of all monitoring activities, the RSA review team:

- identified areas of consistently high or improved performance;
- identified performance areas for improvement and recommended that NHVR undertake specific actions to improve its performance;
- identified compliance findings and required NHVR to take corrective action; and
- in collaboration with NHVR, determined whether RSA would provide TA to improve the agency's performance or correct compliance findings.

Review Team Participants

Members of RSA's NH review team included representatives from each of the five functional units within the State Monitoring and Program Improvement Division (SMPID). The team included the following individuals: Christyne Cavataio (VR Unit and Review Leader), Sue Rankin-White (TA Unit), Charles Sadler (TA Unit), Craig McManus (Fiscal Unit), Deborah Cotter (IL Unit), and Julya Steyh (Data Unit).

CHAPTER 1: NHVR VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS

VR and SE Program Systems

The following sections of this chapter describe the manner in which NHVR administers and operates the VR and SE programs through a variety of functions or systems, including service delivery, personnel, case and data management, quality assurance (QA), and planning.

Service Delivery

NHVR has seven regional offices. VR counselors may purchase placement services but also may provide placement services directly. NHVR's BDC works at the state level to develop employment opportunities for individuals with disabilities and coordinates with an Employment Specialist at the local level for more targeted job development. The agency was not operating on an order of selection (OOS) at the time of this review.

There are 94 CRPs, primarily comprised of one or two-person businesses, with none exclusively providing SE services. Most CRPs provide services on a fee-for-service basis. However, there are some performance-based contracts related to special projects and pilots.

In FY 2008, the population of transition-age youths represented the largest age group at application at 29.3 percent of individuals served. NHVR has one dedicated transition counselor. An additional 28 of the total 44 VR counselors cover 70 schools in the state. NHVR has a designated Transition Coordinator whose duties include meeting with VR counselors serving transition-age youths on a quarterly basis and providing specialized training with school personnel about writing Individual Education Plans (IEP) and developing effective partnerships. NHVR has also hired a Program Specialist with a background in Special Education to provide additional technical assistance to VR counselors.

NHVR has a presence in all NHWorks offices from one-half to five days per week, representing a total of 4.58 agency VR Counselor FTEs. VR consumers may be seen individually or in groups to facilitate the application, vocational exploration or job placement process.

NHVR is involved in several collaborative employment-related projects and pilots. Of note are two sector-based employment projects, both in their second year of operation: Project SEARCH focuses on healthcare, while Project START is hospitality-industry specific. Both include multiple, sequential training opportunities for youth, and a Business Advisory Council (BAC) that assists with job development and project replication. Initially funded by a DOL grant, Project START now operates on a fee-for-service basis. NHVR's BDC was instrumental in seeing that these two projects reached the implementation stage.

SE outcomes are low and the numbers vary from year to year. In FY 2008, 3.9 percent of total successful employment outcomes were SE outcomes. With limited funding for extended services from the Bureau of Developmental Services (BDS) and Bureau of Mental Health

(BMH), NHVR is considering the formation of statewide employment networks (ENs) to address the need.

Personnel

NHVR has 44 VR counselor positions. The average caseload per VR counselor is approximately 127. In an effort to provide additional support to the VR counselors in the field, NHVR utilizes nine Rehabilitation Technicians, recently reclassified from Account Clerk positions.

Over the next five years NHVR projects a relatively stable staffing pattern with a turnover rate of five percent. However, NHVR data indicate that there is a larger than average population of students with disabilities transitioning from school to post-secondary activities that will necessitate additional staff coverage. NHVR is adding two additional VR counselor positions as part of the BSU, specifically designated to assist consumers with benefits planning. In addition, two of the current VR counselor positions are being designated as JPSs.

The NHVR Comprehensive System of Personnel Development (CSPD) standard requires that its VR counselors have a:

- master's degree in rehabilitation counseling; or
- master's degree in counseling and four core courses, including:
 1. Assessment;
 2. Occupational Information or Job Placement;
 3. Medical or Psychosocial and Cultural Aspects of Disabilities; and
 4. Community Resources or Delivery of Rehabilitation Services.

Currently, 29 of the 39 employed VR counselors meet the standard, ten do not meet the standard, and there are five vacancies.

A significant barrier for NHVR is the lack of any master's degree program in rehabilitation counseling in the state. Other issues that have negatively impacted the hiring and retraining of staff include: low NH state pay scales, difficult recruitment in remote areas, and additional time required to complete coursework for those staff who are raising families.

During FY 2008, there was no turnover in administrative staff, supervisory staff or Vocational Evaluator staff categories. However, one support staff person left the agency during that period. Staff leaving the agency through retirement and attrition is anticipated at two to five administrative staff, ten to fifteen VR counselors, one to two supervisory staff and eight to ten support staff. This represents an anticipated turnover rate of 7.6 percent over the next five years.

The agency has had limited succession planning in place due to overall low changes in staffing. However, NHVR has included succession planning in its yearly strategic planning activities in anticipation of the increased turnover rate over the next several years. For example, opportunities for leadership development are incorporated into staff professional growth plans and interested staff are matched with special projects such as training.

Data and Case Management

NHVR's CMS was developed in 1990 and has been modified regularly since its purchase and updated as needed. Managers and staff have on-site and remote access to data and consumer information via a Citrix area network. Hundreds of standardized reports, as well as ad hoc queries, can be run as needed. The CMS contains an OOS module that can be implemented if necessary.

NHVR runs the RSA_EDIT program to ensure the accuracy of data collected, and administrative staff conduct service record reviews to ensure data integrity. Regional Managers utilize a closure check sheet to verify that all important data are entered upon closure of all records.

In FY 2004, the financial module of the CMS was significantly updated to allow VR counselors to check the status of their purchase orders through the system. In FY 2010, the CMS was linked to the statewide financial system, New Hampshire First. NHVR is currently in the process of implementing invoice scanning and daily batch uploads to the CMS and anticipates these functions will go live by July 1, 2010.

NHVR receives information from the Social Security Administration (SSA) on all VR consumers who are receiving benefits. There is also a school database that is linked to the CMS and the State Department of Education server that contains information on all transition-age youths in the state.

Quality Assurance

NHVR conducts QA activities that provide management with ongoing information about the agency's performance. NHVR evaluates its progress on the goals contained in the strategic plan and State Plan by monitoring the measurable objectives through such mechanisms as MIS reporting and regional office monthly updates. NHVR has incorporated a strategic planning module into the CMS including reports and financial projections. The module has 30 reports, including agency management reports that allow staff to review production, goals, and financial and performance-related reports. Goals can be tracked by office, program or goal type.

On a regular and ongoing basis, NHVR conducts service record reviews and data analysis to assess the effectiveness of training and consistency of policy interpretation.

The strategic planning module allows NHVR to track consumer progress at CRPs through vendor reports. Management has designated a staff person to whom VR counselors can register concerns or complaints. These issues receive follow up and are usually resolved through clarification of policy or procedure. NHVR is involved in a multi-agency work group with the BMH to establish, implement and maintain a CRP competency certificate. This initiative is one of several funded through the NH MIG and will allow NHVR and BMH to utilize the same performance measures.

Planning

NHVR's annual strategic planning process involves a data analysis to identify areas of strength, weakness and focus. The NHVR management team reviews the results of the analysis in a series of planning sessions and includes an assessment of prior goals in order to make necessary realignments. Key results and related data are distributed to Regional Managers for review and analysis. Regional office staff identify targets within the key results and develop specific plans to align service delivery and practices to accomplish NHVR's goals. Measurement standards are then established as well as a monitoring process.

NHVR uses input from the SRC, the SILC, consumer organizations, individuals with disabilities, and other stakeholders to shape decisions, priorities and agency values. The SRC and other agency stakeholders provide feedback via customer satisfaction survey data and public forums that is utilized to identify potential focus areas such as VR counselor communication with consumers, vehicle modifications and cost containment. NHVR examines and evaluates the focus areas and considers potential strategies to respond to the feedback. The strategies include: policy changes, staff training and review of agency systems. After the implementation of policy changes, NHVR assesses the effectiveness of the intervention, and provides feedback to the stakeholder groups.

NHVR's last strategic planning cycle began with a mid-year all-staff meeting held in January, 2009. NHVR developed five areas: transition, mental health, staff utilization, goals, and employer relations. The outcomes of the strategic planning activities have been incorporated into the goals and objectives of the State Plan.

VR and SE Program Performance

The following table provides data on the performance of the VR and SE programs administered by NHVR in key areas from FY 2004 through FY 2008.

Table 1.1
NHVR Program Highlights for FY 2004 through FY 2008

Program Highlights	2004	2005	2006	2007	2008
Total funds expended on VR and SE	\$14,923,321	\$15,562,172	\$16,322,526	\$15,369,305	\$13,691,155
Individuals whose cases were closed with employment outcomes	1,245	1,379	1,382	1,213	1,219
Individuals whose cases were closed without employment outcomes	475	519	723	562	377
Total number of individuals whose cases were closed after receiving services	1,720	1,898	2,105	1,775	1,596
Employment rate	72.38%	72.66%	65.65%	68.34%	76.38%
Individuals whose cases were closed with SE outcomes	45	0	36	47	47
New applicants per million state population	2,473	2,386	2,312	2,208	2,133
Average cost per employment outcome	\$3,035	\$3,377	\$3,407	\$3,581	\$3,934
Average cost per unsuccessful employment outcome	\$2,377	\$2,210	\$2,224	\$2,207	\$2,143
Average hourly earnings for competitive employment outcomes	\$10.00	\$10.00	\$10.43	\$10.72	\$11.53
Average state hourly earnings	\$18.51	\$19.44	\$19.96	\$21.09	\$21.48
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	54%	51%	52%	51%	54%
Average hours worked per week for competitive employment outcomes	28.8	29.1	28.6	28.8	28.5
Percent of transition age served to total served	29.94%	34.62%	31.88%	28.23%	29.26%
Employment rate for transition population served	70.68%	69.25%	63.34%	62.67%	71.95%
Average time between application and closure (in months) for individuals with competitive employment outcomes	17.6	18.2	18.5	19.5	22.6
Performance on Standard 1	Met	Met	Met	Met	Met
Performance on Standard 2	Not Met	Met	Met	Met	Met

Areas of Consistently High or Improved Performance

1. Employment Rate

Since the addition of a BDC in FY 2005, NHVR has focused its job development activities on high demand industries. Due to the success of the BDC, a JPS was hired, with two VR counselor positions designated as JPSs to ensure coverage across the state.

NHVR achieved consistently higher employment rates for its total population over the last five years, increasing from 72.4 percent in FY 2004 to 76.4 percent in FY 2008. During the same five-year period, the average employment rate for combined agencies nationally decreased from 58.8 percent to 56.8 percent. NHVR's rate is higher than that of combined agencies nationally by 19.6 percent.

For the SSI/SSDI population, NHVR placed a significant emphasis on benefits planning that began in FY 2007. As a result, the employment rate of the SSI/SSDI population and the average hourly wage has increased as demonstrated in Table 1.2. In addition, the successes with the SSI/SSDI population have also generated a significant increase in program income for NHVR, from \$202,245 in FY 2004 to \$1,351,094 in FY 2008.

Table 1.2
NHVR SSI/SSDI Employment Outcomes for FY 2004 through FY 2008

SSI/SSDI Populations	2004	2005	2006	2007	2008
Employment rate	72.2%	71.2%	62.2%	65.5%	71.4%
Percent closed with employment of the agency total	31.2%	30.2%	33.0%	33.4%	33.1%
Average hourly wage	\$7.04	\$7.44	\$8.13	\$8.01	\$8.76

VR/SE Program Performance Observations and Recommendations

As a result of its review activities, RSA identified the performance observations set forth below and recommended that NHVR take specific steps to improve the agency's performance associated with each of the observations. In Appendix A of this report, NHVR identified the TA requested to carry out the recommendations for each set of observations and recommendations.

1. Hours Worked Per Week and Employer Provided Medical Insurance for Adults Achieving Employment Outcomes

Observation: While NHVR consumers achieved a high employment rate from FY 2004 to FY 2008, they did not achieve a high percentage of quality employment outcomes during the same time period with respect to wages and hours worked and access to employer-provided medical insurance. As Table 1.3 below indicates, while 93.8 to 95.6 percent of employment outcomes were closed competitively, the percentage of quality outcomes has remained low over a five-year period.

Table 1.3
NHVR Quality of Competitive Employment Outcomes for FY 2004 through FY 2008

Quality of Competitive Employment Outcomes	2004	2005	2006	2007	2008
Percent closed with competitive employment	93.8%	95.2%	95.9%	96.0%	95.6%
With competitive employment at 35 or more hours per week	535	618	588	540	515
Percent closed with competitive employment at 35 or more hours per week	45.8%	47.1%	44.3%	46.4%	44.2%
With competitive employment at SGA level at 35 or more hours per week	533	617	587	533	510
Percent closed with competitive employment at SGA level at 35 or more hours per week	45.6%	47.0%	44.3%	45.8%	43.8%
With competitive employment with employer-provided medical insurance	327	373	354	319	321
Percent closed with competitive employment with employer-provided medical insurance	28.0%	28.4%	26.7%	27.4%	27.6%

- As Table 1.4 below indicates, while the average hourly earnings of \$11.53 for NHVR consumers achieving competitive employment outcomes are comparable to those of combined agencies nationally at \$11.21 and above the averages for peers¹ at \$10.76, the average hours worked per week, 28.6 hours, were not full-time employment and were fewer than those for combined agencies nationally at 33 hours and for peers at 31 hours.
- Forty-four percent of consumers exited NHVR with competitive employment outcomes of 35 hours or more compared with 59 percent for combined agencies nationally and 53 percent for peers.
- Forty-four percent of consumers exited NHVR with competitive employment outcomes of 35 hours or more at SGA level compared with 57 percent for combined agencies nationally and 52 percent for peers.
- Twenty-eight percent of consumers exited NHVR with competitive employment outcomes with employer-provided medical insurance compared with 31 percent for combined agencies nationally and peers.
- NHVR is not providing a comparable amount of college or university training at 9.6 percent compared with 22.8 percent for combined agencies nationally or occupational/vocational training at only 6.9 percent compared with 15.8 percent for combined agencies nationally.

¹NHVR's peer group of state agencies that receive approximately the same amount of Federal Title I funds consists of general VR agencies in Montana, Nevada, North Dakota, and Rhode Island.

Table 1.4
Peer and National Comparison of Quality of Competitive Employment
Outcomes for FY 2008

Quality of Competitive Employment Outcomes	NH-C	MT-C	NV-C	ND-C	RI-C	Peer Averages	Combined Agencies Average
Percent closed with competitive employment	95.6%	94.0%	99.7%	98.6%	95.7%	97.2%	93.9%
With competitive employment at 35 or more hours per week	515	409	622	565	270	466	1,608
Percent closed with competitive employment at 35 or more hours per week	44.2%	47.7%	58.8%	63.5%	37.6%	53.0%	58.8%
With competitive employment at SGA level at 35 or more hours per week	510	401	589	560	267	454	1,569
Percent closed with competitive employment at SGA level at 35 or more hours per week	43.8%	46.7%	55.7%	62.9%	37.2%	51.6%	57.3%
With competitive employment with employer-provided medical insurance	321	229	424	364	79	274	846
Percent closed with competitive employment with employer-provided medical insurance	27.6%	26.7%	40.1%	40.9%	11.0%	31.1%	30.7%
Average hourly earnings for competitive employment outcomes	\$11.53	\$10.42	\$10.94	\$10.99	\$10.70	\$10.76	\$11.21
Average hours worked per week for competitive employment outcomes	28.6	29.1	33.1	33.7	26.8	30.7	32.7

Recommendations: RSA recommends that NHVR:

- 1.1 develop and implement strategies to increase the number of hours worked and employer-provided medical insurance for individuals with disabilities served by the agency who achieve employment outcomes; and
- 1.2 develop and implement strategies to ensure all appropriate individuals receiving SSI and/or SSDI are referred to the BSU to capitalize on its expertise in assisting individuals with SSI and/or SSDI to increase the number of hours worked per week.

2. Hours Worked Per Week and Employer Provided Medical Insurance for Transition-Age Youths Achieving Employment Outcomes

Observation: Transition-age youths served by NHVR did not achieve a high percentage of quality employment outcomes from FY 2004 to FY 2008. As indicated in Table 1.5 below, while the competitive employment rate was 100 percent in FY 2008, the quality of outcomes has been low.

Table 1.5
NHVR Quality of Competitive Employment Outcomes for Transition-Age Youths
(Age 14-24 at Application) for FY 2004 through FY 2008

Quality of Competitive Employment Outcomes	2004	2005	2006	2007	2008
Percent closed with competitive employment	97.8%	99.3%	99.8%	99.4%	100.0%
With competitive employment at 35 or more hours per week	136	185	168	140	132
Percent closed with competitive employment at 35 or more hours per week	38.2%	40.9%	39.6%	44.9%	39.3%
With competitive employment at SGA level at 35 or more hours per week	135	184	167	138	130
Percent closed with competitive employment at SGA level at 35 or more hours per week	37.9%	40.7%	39.4%	44.2%	38.7%
With competitive employment with employer-provided medical insurance	77	104	81	82	77
Percent closed with competitive employment with employer-provided medical insurance	21.6%	23.0%	19.1%	26.3%	22.9%

- While the employment rate for transition-age youths is high, the number achieving employment outcomes with 35 hours or more per week is low at 39.3 percent compared with 55.1 percent for combined agencies nationally and 51.5 percent for peers. (See Table 1.6 below.)
- Thirty-nine percent of transition-age youths achieved competitive employment outcomes with 35 hours or more hours compared with 55 percent for combined agencies nationally and 51 percent for peers.
- Twenty-three percent of transition-age youths achieved competitive employment outcomes with employer-provided medical insurance compared with 27 percent for combined agencies nationally and 28 percent for peers.
- While the average hourly earnings of \$9.53 are comparable to the \$9.59 earnings for combined agencies nationally and the \$9.61 earnings for peers, the average hours worked per week, 28 hours, are not full-time employment and are lower than the 32.2 hours for combined agencies nationally and the 30.5 hours for peers.

Table 1.6
Peer and National Comparison of Quality of Competitive Employment
Outcomes for Transition-Age Youths for FY 2008

Quality of Competitive Employment Outcomes	NH-C	MT-C	NV-C	ND-C	RI-C	Peer Averages	Combined Agencies Average
Percent closed with competitive employment	100.0%	96.4%	99.6%	98.2%	99.3%	97.3%	95.6%
With competitive employment at 35 or more hours per week	132	87	99	237	105	132	552
Percent closed with competitive employment at 35 or more hours per week	39.3%	46.8%	42.3%	71.2%	38.6%	51.5%	55.1%
With competitive employment at SGA level at 35 or more hours per week	130	86	94	235	105	130	533
Percent closed with competitive employment at SGA level at 35 or more hours per week	38.7%	46.2%	40.2%	70.6%	38.6%	50.7%	53.9%
With competitive employment with employer-provided medical insurance	77	43	55	159	28	71	286
Percent closed with competitive employment with employer-provided medical insurance	22.9%	23.1%	23.5%	47.7%	10.3%	27.8%	26.5%
Average hourly earnings for competitive employment outcomes	\$9.53	\$9.99	\$8.43	\$10.85	\$9.17	\$9.61	\$9.59
Average hours worked per week for competitive employment outcomes	28.0	28.1	30.6	35.4	28.0	30.5	32.2

Recommendations: RSA recommends that NHVR:

- 2.1 develop and implement strategies to improve the quality of employment outcomes for transition-age youths with disabilities served by the agency; and
- 2.2 develop and implement strategies to increase the delivery of post-secondary education and vocational training to transition-age youths.

3. Supported Employment Services

Observation: The number of individuals who achieve SE outcomes has remained consistently low from FY 2004 to FY 2008. NHVR assists a significantly smaller percentage of individuals to achieve SE outcomes than the average for other combined agencies.

- Table 1.7 below shows that in FY 2008, 3.9 percent of NHVR employment outcomes were SE compared with 8.6 for combined agencies nationally. In addition, SE outcomes are the lowest compared to the peer average at 9.7 percent.

Table 1.7
NHVR Average Hourly Wage and Hours Worked per Week for SE Outcomes for FY
2004 through FY 2008

Efficiency Measures for SE Outcomes	2004	2005	2006	2007	2008	Combined Agencies Average 2008	Peer Averages 2008
Individuals closed in SE	45	0	36	47	47	254	88
Percent of total employment outcomes	3.6%	0.0%	2.6%	3.9%	3.9%	8.6%	9.7%
Average hourly wage	\$6.44	\$0.00	\$6.77	\$7.86	\$8.10	\$7.92	\$7.57
Average state hourly wage	\$18.51	\$19.44	\$19.96	\$21.09	\$21.48	\$19.95	\$18.42
Percent average hourly earnings to state average wage	34.8%	0.0%	33.9%	37.3%	37.7%	43.8%	41.1%
Average hours worked per week	12.18	0.00	15.83	19.38	15.53	23.0	20.0

- BMH funding to provide extended services to eligible individuals with SPMI has been cut in NH.
- NHVR staff reported there is a waiting list for individuals with intellectual disabilities to receive extended services.
- NHVR is working with the BMH to develop a MOU to improve service delivery coordination between the two agencies.
- NHVR is exploring how resources for extended services might be possible through the SSA's Partnership Plus Program. Partnership Plus allows a beneficiary to receive VR services for up-front service needs and, after the VR record is closed, assign his/her Ticket to an EN to receive ongoing support services or job retention services.

Recommendations: RSA recommends that NHVR:

- 3.1 develop and implement strategies to improve the achievement of SE outcomes for more individuals with SPMI and individuals with intellectual disabilities; and
- 3.2 work with the BMH and Partnership Plus Program to ensure the provision of extended services.

4. Self-Employment

Observation: NHVR has assisted a small number of individuals to achieve self-employment outcomes. NHVR has little to no public transportation in many areas. While this is a state-wide concern, it is a particular concern in the northern, most rural region of the state, where there are fewer jobs, resources, retail outlets, or mills than other areas of the state to provide employment opportunities for individuals.

Table 1.8
NHVR Self-Employment Closures for FY 2004 through FY 2008

Self-Employment Closure	2004	2005	2006	2007	2008	Combined Agencies Average 2008	Peer Averages 2008
Self-employment	7	0	11	5	7	73	26
Percent closed self-employment of the agency total	0.6%	0.0%	0.8%	0.4%	0.6%	2.5%	2.9%
Average hourly wage	\$11.25	\$0.00	\$13.16	\$14.44	\$19.56	\$13.00	\$13.21
Average hours worked per week	14.0	0.0	22.7	29.0	22.9	25.2	22.9

- Table 1.8 above shows that self-employment, at seven closures for FY 2008, accounts for only 0.6 percent of all employment outcomes, but it has the highest average hourly wage at \$19.56.
- The table also indicates that low self-employment outcomes have been a trend since 2004.
- The development of a business plan and self-employment IPE are often outside of the VR counselors' skill set.

Recommendations: RSA recommends that NHVR:

- 4.1 develop and implement strategies to increase the availability of and access to self-employment services, particularly in the most rural areas of the state; and
- 4.2 develop and implement training for VR counselors to assist them in understanding the components of a self-employment IPE and the community resources available to assist in the development of a business plan for self-employment.

VR/SE Program Compliance Findings and Corrective Actions

As a result of its review activities, RSA identified the following compliance findings and corrective actions that NHVR is required to undertake. NHVR must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days from the issuance of the final report and is available to provide TA to assist the agency in the development of the plan and the implementation of the corrective actions.

RSA reserves the right to pursue enforcement action, including the recovery of Title I VR funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of the Education Department General Administrative Regulations (EDGAR).

1. IPE Development Timeline

Legal Requirement:

Section 101(a)(9)(A) of the Rehabilitation Act - Development and implementation for Individualized Plan for Employment. The State plan shall include an assurance that an individualized plan for employment meeting the requirements of section 102(b) will be developed and implemented in a timely manner for an individual subsequent to the determination of the eligibility of the individual for service under this title, except that in a State operating under an order of section described in paragraph (5), the plan will be developed and implemented only for individuals meeting the order of selection criteria of the State.

34 CFR 361.45(a)(1) - Development of the individualized plan for employment. An individualized plan for employment (IPE) meeting the requirements of this section and 361.46 is developed and implemented in a timely manner for each individual determined to be eligible for vocational rehabilitation services or, if the designated State unit is operating under an order of selection in accordance with 361.36, for each eligible individual to whom the State unit is able to provide services;

34 CFR 361.45(e) - Standards for Developing the IPE. The designated State unit must establish and implement standards for the prompt development of IPEs for the individuals identified under paragraph (a) of this section, including timelines that take into consideration the needs of the individuals.

Finding 1: NHVR is not in compliance with Section 101(a)(9)(A) of the Rehabilitation Act and 34 CFR 361.45(a)(1) because it does not have a policy stating NHVR's IPE timeline. Based on a review of NHVR's current policy manual (updated 6/01/07), RSA found that it did not identify standards for the prompt development of IPEs, including timelines. Based on staff interviews at multiple levels, there were varying perceptions of the agency's standard for developing an IPE. RSA concluded that NHVR did not have an established standard that ensures the IPE is developed and implemented in a timely manner, and is not in compliance with 34 CFR 361.45(a)(1) and 34 CFR 361.45(e).

Corrective Action 1: NHVR must:

- 1.1 submit a written assurance to RSA within ten days of the final monitoring report that NHVR will comply with Section 101(a)(9)(A) of the Rehabilitation Act and 34 CFR 361.45(a)(1) and 34 CFR 361.45(e); and
- 1.2 take the necessary steps to ensure that it establishes standards for the prompt development of IPEs, as required by 34 CFR 364.45(a)(1) and 34 CFR 361.45(e).

Technical Assistance and Continuing Education

This section of the chapter describes the technical assistance (TA) provided by RSA to NHVR during the course of the review and the continuing education needs of the agency identified by its personnel and stakeholders. The TA requested by the agency to enable it to carry out the

recommendations and findings set forth above is included in Appendix A of this report titled “NHVR Response.”

TA Provided

During the review of the VR and SE programs, RSA provided TA to NHVR regarding:

- the need for communication with NHWorks to ensure that VR counselors are provided private space for meeting with consumers;
- the need to have a published timeline for IPE development; and
- the use of RSA’s management information system (MIS), including using the system as a tool to produce quick tables to compare agency data to peer states, as well as locating promising practices already identified by RSA to assist the agency in areas of possible improvement.

Continuing Education

During the course of the review, NHVR and stakeholder representatives, including the SRC, requested that agency personnel receive continuing education in the areas of:

- improving service delivery to individuals with SPMI, offenders, immigrants and refugees, and individuals with Autism Spectrum Disorders; and
- Medical and Psychosocial Aspects of Disabilities.

CHAPTER 2: NHVR INDEPENDENT LIVING (IL) PROGRAM

IL Program Systems

The following chapter describes the manner in which NHVR administers and operates the IL program, authorized pursuant to Title VII, Part B, of the Act, including service delivery, personnel, case and data management, quality assurance and planning.

Program Administration and Service Delivery

The IL Part B program is administered by NHVR. NHVR provides IL services through contracts in the amount of \$337,077 with one CIL and two other service providers. The contracting process is a competitive request for proposal (RFP) process. A volunteer review panel made up of current and former SILC members scores the proposals and submits its recommendations to NHVR for the final decision. The IL services described in the RFP were derived from a needs assessment that included input from individuals at public meetings and through surveys, the results of which are compiled by the SILC consultant.

NHVR has an agreement with the Governor's Commission on Disability (GCD) to house the SILC and provide administrative support to the SILC Program Manager.

NH has four Part C CIL grantees under the umbrella name of Granite State Independent Living, which the state recognizes as one CIL.

Personnel

NHVR funds 1 FTE for the administration of the IL Part B Program. The Administrator of External Relations at .2 FTE and the Program Manager at .8 FTE are housed at GCD and provide administrative support for the SILC. Pursuant to the New Hampshire Division of Adult Learning and Rehabilitation and GCD agreement, the SILC program manager reports to the GCD Executive Director for time and attendance, utilizing approximately one percent of the Executive Director's time, and works at the direction of the SILC chair. During on-site meetings, staff indicated that their performance evaluations were conducted by the GCD Executive Director and the SILC Chair. The SILC also funds a consultant with IL Part B funds that pass through one of the Part C CIL grantees serving as the fiscal agent.

The SILC has .8 FTE, a Program Manager, and also contracts with a consultant.

Data Management

The Part B contractors, including the four Part C CIL grantees and two other service providers, developed separate CMSs and methods for compiling data and maintaining service records and fiscal information. Each of the contractors reports data to NHVR separately. The CIL Part B data are compiled and maintained on spreadsheets and verified for accuracy in preparation for the annual RSA 704 Part II performance report.

Quality Assurance

IL Part B service providers submit quarterly reports, including consumer satisfaction surveys, to the SILC.

Planning

The SILC and NHVR engage in strategic planning and goal development, including joint development of the SPIL. They conduct public hearings and incorporate input into the SPIL. The SILC program manager and consultant participate in the meetings. The consultant compiles the input provided at these public meetings.

IL Program Performance

The following table provides data on the NHVR IL program performance in key areas from FY 2006 through FY 2009.

Table 2.1
NHVR IL Program Highlights for FY 2006 through FY 2009

Program Highlights	2006	2007	2008	2009
Title VII, chapter 1, Part B funds	301,477	301,777	296,212	312,984
Total resources (including Part B funds)	591,865	603,426	613,770	613,932
Total served	669	644	909	764
Total consumer service records closed	119	119	220	227
Cases closed, completed all goals	17	33	113	123
Total goals set	2,355	2,609	2,703	2,498
Total goals met	1,241	1,206	2,563	1,368
Total individuals accessing previously unavailable transportation, health care, and assistive technology	582	1,002	948	547
Total FTEs	1.00	1.00	1.00	1.00
Total FTEs with disabilities	1.00	1.00	1.00	1.00

IL Program Performance Observations and Recommendations

As a result of its review activities, RSA identified the performance observations set forth below and recommended that NHVR take specific steps to improve the agency's performance associated with each of the observations. In Appendix A, NHVR identified whether it requests TA to carry out the recommendations.

1. IL Part B Service Contracts

Observation: NHVR contracted with three service providers for the provision of IL Part B services through a competitive bid process. Based on RSA's review of the contracts and interviews with the NHVR Administrator for External Relations, it was determined that the contracts lacked clarity and detail in their content.

- The contracts lacked specific provisions related service definitions, contract deliverables, documentation for reimbursement, and program evaluation responsibilities.
- NHVR paid invoices from service providers based on whatever information they provided. The information was inconsistent among providers.
- One service, referred to as "service coordination" in the contracts, was not defined, and both the NHVR Administrator for External Relations and the providers defined it differently. This service accounted for approximately one-third, \$100,000, of the total contract funding.
- NHVR's RFP includes a menu of nine services derived from a needs assessment and service providers submit proposals to conduct one or more of these services.

Recommendation: RSA recommends that NHVR develop and implement a revised contract that includes specific provisions related to service definitions, contract deliverables, documentation required to support payment of invoices, and program evaluation responsibilities.

IL Program Compliance Findings and Corrective Actions

RSA identified the following compliance finding and corrective action that NHVR and the SILC is required to undertake. NHVR and the SILC must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days from the issuance of the final report and RSA is available to provide TA to assist NHVR and the SILC to develop the plan and undertake the corrective actions.

1. SILC and DSU Duties and Responsibilities

Legal Requirement:

34 CFR 364.22(a)(1): The State plan must identify the DSU, as the entity that, on behalf of the State, shall-

- (1) Receive, account for, and disburse funds received by the State under Part B of chapter 1 and section 723 of title VII of the Act based on the plan;
- (2) Provide, as applicable, administrative support services for the SILS and CIL programs under Part B of chapter 1 and section 723 of title VII of the Act, respectively, and 34 CFR Parts 365 and 366, respectively;
- (3) Keep records and afford access to these records as the Secretary finds to be necessary with respect to the SILS and CIL programs; and

(4) Submit additional information or provide assurances as the Secretary may require with respect to the SILS and CIL programs.

34 CFR 80.36(b)

(3) Grantees and subgrantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

(i) The employee, officer or agent,

(ii) Any member of his immediate family,

(iii) His or her partner, or

(iv) An organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The grantee's or subgrantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements. Grantee and subgrantees may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by State or local law or regulations, such standards or conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the grantee's and subgrantee's officers, employees, or agents, or by contractors or their agents. The awarding agency may in regulation provide additional prohibitions relative to real, apparent, or potential conflicts of interest.

Finding 1: NHVR, in its role as the DSU, is not in compliance with 34 CFR 364.22(a)(2) and 34 CFR 80.36(b) because the DSU, as the entity responsible for disbursing Part B funds, does not have the appropriate procedures and controls in place to ensure an objective procurement process. While it may be permissible to involve the SILC in the review process for applications submitted pursuant to an RFP, because the SILC is performing an activity on behalf of the DSU, the SILC may not use any of its resource funds to do so and the DSU should arrange for payment for the service as it would for other contractors. The DSU must make the final determination as to who gets funding after following policies and procedures that provide for true competition in accordance with state law.

NHVR's process for awarding IL Part B contracts is particularly flawed with respect to conflicts of interests described under 34 CFR 80.36(b). Specifically, NHVR requests that the SILC identify volunteers from its current and former membership to serve on the RFP review panel for the IL Part B contracts. RSA found conflicts described below.

- One current SILC member on the review panel is also the spouse of one of the BIANH board members, an IL Part B contract recipient. While the SILC member recused himself from scoring the BIANH application, he scored the other two applications. Therefore, his scoring of these other two could possibly influence the outcome of the overall review, i.e., decisions related to BIANH's application.
- Another SILC member on the review panel is currently on the GSIL Board, also another IL Part B contract recipient. This member also recused himself from scoring the GSIL application but, similar to the situation described above, his scoring of the other two potentially influenced the final decisions.

Since the panel members have financial or other interests in the entities selected for the award, this constitutes a potential conflict of interest that should prohibit these SILC members from serving on the review panel.

Corrective Action 1: NHVR must

- 1.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that the DSU will comply with 34 CFR 364.22 to disburse Part B funds in accordance with policies and procedures that ensure competition as provided under state law;
- 1.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that the DSU will comply with 34 CFR 80.36(b) to ensure that the DSU's procurement process for IL Part B funds meets these conflict of interest requirements; and
- 1.3 clearly delineate the DSU and SILC duties in all contracts and associated documents to comply with federal requirements.

Technical Assistance

This section of the chapter describes the technical assistance (TA) provided by RSA to NHVR during the course of the review. The TA requested by the agency to enable it to carry out the recommendations and findings set forth above is included in Appendix A of this report titled "NHVR Response."

TA Provided

During the review of the IL program, RSA provided TA to NHVR regarding:

- the development of the FY 2011-2013 SPIL;
- clarification regarding the roles and responsibilities of the SILC and DSU;
- the improvement of its program and fiscal management, including the need for written policies and procedures, and clarification of services in RFPs and contracts; and
- the general effectiveness of the agency's cost and financial controls, internal processes for the expenditure of funds, and the use of appropriate accounting practices and financial management systems.

CHAPTER 3: INDEPENDENT LIVING SERVICES PROGRAM FOR OLDER INDIVIDUALS WHO ARE BLIND

Program Systems

The following sections of this chapter describe the manner in which NHVR administers and operates the OIB program, authorized pursuant to Title VII, Chapter 2, of the *Rehabilitation Act*, through a variety of functions or systems, including service delivery, personnel, case and data management, quality assurance and planning.

Program Administration and Service Delivery

NHVR's OIB program is administered by the OIB Program Coordinator and the SBVI administrator. Services, including low vision screening, orientation and mobility, and peer support groups are purchased through a network of vendors. The Blind Services Coordinator assesses customers to determine their individualized needs and whether they should receive purchased services from private providers or services directly from the Blind Services Coordinator.

Personnel

NHVR has 1.75 FTEs in the OIB program, including a Program Coordinator and the SBVI Administrator.

Data Management

NHVR designed a separate CMS for the OIB program specifically around the 7-OB report. When the OIB grant was first awarded to NHVR, the CMS was created from NH state registry data. The OIB CMS is an Access database. Each year the current database is copied and pasted into a new file, maintaining all consumer records and information, and the old file is archived.

Quality Assurance

In addition to providing consumer satisfaction surveys, the Program Coordinator solicits input from consumers in the 15 peer support groups. Additionally, the SBVI Advisory Committee, comprised of 14 consumers, provides feedback to the Administrator in quarterly meetings and as needed.

Planning

The Program Coordinator solicits input from 15 peer support groups and in periodic meetings with OIB vendors. OIB staff members meet weekly to review program expenditures.

OIB Program Performance

The following table provides data on NHVR OIB program performance in key areas from FY 2008 through FY 2009.

Table 3.1
NHVR OIB Program Highlights for FY 2008 through FY 2009

Program Highlights	2008	2009
Title VII, chapter 2 expenditures	224,214	221,163
Total expenditures (including chapter 2)	278,755	353,978
Total served older individuals who are blind	716	641
Total FTEs	1.75	1.75
Total FTEs with disabilities	0.00	0.00

OIB Program Performance Observations and Recommendations

As a result of its review activities, RSA identified the performance observations set forth below and recommended that NHVR take specific steps to improve the agency's performance associated with each of the observations. In Appendix A, NHVR identified whether it requests TA to carry out the recommendations for each set of observations.

1. Case Management System

Observation: The case management system is an Access database. At the end of each fiscal year, the old file is archived and a new file is created carrying over all of the same consumers' records and information; no record is deleted throughout the years. The database is not dynamic or easy to update. As a result, the database is cumbersome, making it difficult to provide accurate reporting or conduct program planning.

Recommendation: RSA recommends that NHVR:

- 1.1 consider linking the OIB CMS with the VR CMS for individuals receiving services from both the OIB and VR programs; and
- 1.2 update consumers' information yearly to keep the database current.

Technical Assistance

This section of the chapter describes the technical assistance (TA) provided by RSA to NHVR during the course of the review. The TA requested by the agency to enable it to carry out the recommendations and findings set forth above is included in Appendix A of this report titled "NHVR Response."

TA Provided

During the review of the OIB program, RSA provided TA to NHVR regarding:

- written policies and procedures; and
 - case management issues, including reporting of provision of direct services versus contracted services to improve reporting for the 7-OB.
- .

CHAPTER 4: FISCAL MANAGEMENT OF THE NHVR VOCATIONAL REHABILITATION, SUPPORTED EMPLOYMENT, INDEPENDENT LIVING, AND INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND PROGRAMS

RSA reviewed NHVR's fiscal management of the VR, SE, IL, and OIB programs. During the review process, RSA provided TA to the state agency to improve its fiscal management and identified areas for improvement. RSA reviewed the general effectiveness of the agency's cost and financial controls, internal processes for the expenditure of funds, use of appropriate accounting practices and financial management systems.

Fiscal Management

In FY 2009, NHVR centralized its accounting process through the reclassification of Account Clerks, formerly located in the field, to Rehabilitation Technicians as an added resource to assist the VR counselors. The centralization process included the addition of internal fiscal controls at the administrative level, such as the daily review of draft purchase orders by management staff and the ability to dialogue with VR counselors regarding procurement requests. VR services are procured through purchase order and capacity contracts with external vendors. NHVR utilizes capacity contracts to secure contractor availability, then attempts to transition to performance-based contracts once the relationship has been established. The IL Part B program is contracted out to three external entities that provide IL services to consumers. The OIB program procures services through purchase orders with external vendors.

NHVR Fiscal Performance

The data in the following tables are taken from fiscal and program reports submitted by the state agencies to RSA, and speak to the overall effectiveness of the agency's fiscal management practices. Data related to the VR program matching requirements are taken from the fourth quarter of the respective fiscal year's SF-269 report. The data pertaining to the VR program maintenance of effort (MOE) requirements are derived from the final SF-269 report of the fiscal year (two years prior to the fiscal year to which they are compared). Fiscal data related to VR program administration, total expenditures, and administrative cost percentages are taken from the RSA-2. IL and OIB program fiscal data, including the sources and amount of funding, match and carryover, are extracted from the programs' SF-269 reports.

Table 4.1
Fiscal Data for NHVR for FY 2004 through FY 2008

NH-C					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	10,120,131	9,803,448	10,238,071	10,799,787	10,754,717
Federal Expenditures	10,120,131	9,803,448	10,238,071	10,799,787	10,754,717
Required Match	2,738,994	2,653,284	2,770,914	2,922,941	2,910,743
Actual Match	2,992,882	2,966,477	2,992,882	3,143,890	3,131,497
Over (Under) Match	253,888	313,193	221,968	220,949	220,754
Carryover at 9/30 (year one)	1,885,586	1,493,093	621,995	2,111,706	3,042,895
Program Income	202,541	98,666	50,698	171,916	1,351,094
Maintenance of Effort (MOE)	2,807,363	2,966,477	3,000,937	2,966,477	2,992,882
Administrative Costs	2,064,398	1,803,238	1,606,449	1,789,524	1,383,334
*Total Expenditures	14,923,321	15,562,172	16,322,526	15,369,305	13,691,155
Percent Admin Costs to Total Expenditures	13.8%	11.6%	9.8%	11.6%	10.1%

*Includes Supported Employment Program Expenditures.

Table 4.2
IL Part B

NH-C					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	293,902	304,522	301,477	301,477	296,212
Federal Expenditures	293,902	304,522	301,477	301,477	296,212
Required Match	32,656	33,836	33,497	33,497	32,912
Actual Match	32,656	33,836	33,497	33,497	32,913
Over (Under) Match	0	0	0	0	1
Total Expenditures	326,558	338,358	334,974	334,974	329,125

Table 4.3
OIB

NH-C					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	225,000	228,416	225,000	225,000	225,000
Federal Expenditures	225,000	228,416	225,000	225,000	225,000
Required Match	25,000	25,380	25,000	25,000	25,000
Actual Match	38,232	52,842	40,000	40,000	41,494
Over (Under) Match	13,232	27,462	15,000	15,000	16,494
Total Expenditures	263,232	281,258	265,000	265,000	267,854

Fiscal Management Observations and Recommendations

As a result of its review activities, RSA identified the following performance observations related to the fiscal management of the programs under review and recommended that NHVR take specific steps to improve the agency's performance associated with each of the observations. Following each set of observations and recommendations NHVR identified whether it requests TA to carry out the recommendations.

1. Fiscal Planning

Observation: During the on-site review, RSA concluded that NHVR financial and program staff are sufficiently knowledgeable of the necessary components of sound fiscal planning required to effectively manage the VR, IL Part B, and OIB programs. NHVR recently adopted a long-range comprehensive fiscal planning process for the VR program, including a four-year budget projection, taking into consideration a biennial state budget period. The process involves different levels of the agency's personnel including VR counselors in the field up through the Executive leadership team. The plan is flexible and allows for adjustments created in a dynamic fiscal environment.

While the fiscal planning process for the VR program is sound, RSA observed that:

- NHVR has not incorporated the IL Part B and OIB programs into its long-range plan in such a manner that the agency can address the priorities of the agency as a whole. As a result, the VR and IL programs operate and plan as silos, thus making it difficult for NHVR to maximize the resources of the programs, such as planning for the transfer of VR Social Security reimbursement program income to support the IL Part B and OIB programs, and for the set-aside of innovation and expansion (I&E) funds to support the SILC; and
- NHVR's carryover balances are steadily increasing and far exceed national averages for federal funds that remain unobligated/unexpended at the end of the fiscal year for which the funds were appropriated. For example, in FY 2008, the agency carried over \$3,042,895, representing 28.3 percent of the federal award; in FY 2009, the agency carried over \$5,387,139, representing 44.3 percent of the federal award. The national carryover average for all agencies was 14.5 percent in FY 2008 and 18.5 percent in FY 2009. These funds represent an additional resource that should be incorporated into the agency's long-range comprehensive fiscal plan so that NHVR can plan its activities accordingly.

Developing and implementing an integrated, realistic, long-term financial planning process, which takes into account all resources available to NHVR and incorporates the goals of the IL Part B and OIB programs, will assist NHVR to expand on the long-range fiscal planning it currently does for the VR program and improve the administration of the VR, IL Part B and OIB programs. Once the financial requirements of each program have been identified, an integrated, comprehensive fiscal plan will permit NHVR to determine and utilize its financial resources, including carryover balances and social security program income transfers, to achieve the goals of each of the programs.

Recommendation 1: RSA recommends that NHVR:

- 1.1 develop and implement a multi-year fiscal planning process that integrates the VR, IL Part B, and OIB programs and identifies the overarching priorities of the agency;
- 1.2 explore strategies to maximize the resources of all three programs through the use of program income transfers and I & E funds; and
- 1.3 determine an acceptable carryover level and develop a plan to reduce excessive carryover balances.

Fiscal Management Compliance Findings and Corrective Actions

RSA identified the following compliance findings and corrective actions that NHVR is required to undertake. NHVR must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days from the issuance of the final report and RSA is available to provide TA to assist NHVR to develop the plan and undertake the corrective actions. RSA reserves the right to pursue enforcement action, including the recovery of Title I VR funds, Title VI-B SE funds, Title VII IL Part B funds, and Title VII OIB funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

1. Internal Controls of IL Staff to Ensure Proper Invoice Processing

Legal Requirement:

34 CFR 364.34 states that:

In addition to complying with applicable EDGAR fiscal and accounting requirements, the State plan must include satisfactory assurances that all recipients of financial assistance under parts B and C of chapter 1 of title VII of the Act will adopt those fiscal control and fund accounting procedures as may be necessary to ensure the proper disbursement of and accounting for those funds.

34 CFR 80.20(a) states that:

- (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant; and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

Finding 1: NHVR is not in compliance with 34 CFR 364.34 and 34 CFR 80.20(a) because it has not adopted fiscal controls or accounting procedures to ensure the proper disbursement and accounting of IL part B funds. NHVR contracts its IL part B award (*e.g.*, FY 2008 - \$296,212) to three service providers for the provision of IL part B services. The contracts specify that

payment will be on a cost reimbursement basis. Specifically, the contracts provide: “**Method of Payment:** Payment shall be made following receipt of invoices which are supported by a summary of activities that have taken place in accordance with terms of the contract along with a detailed listing of expenses incurred. If correct, payment will be made for 100% of the expenditures listed.”

- It has been determined that one CRP submits incomplete invoices for services provided. The invoices request lump sum payments between one and two quarters, encompassing three to six months, of the contracted services, without the inclusion of supporting documentation to demonstrate the services provided, to how many individual(s), and for what amount.
- The other CRPs have submitted invoices for services that include service coordination, without supporting documentation sufficient to explain what specific aspect of service coordination was provided and to how many individuals.

The NHVR administrative staff have approved incomplete invoices for payment without supporting documentation demonstrating that the services were actually rendered as charged.

Federal regulations require NHVR to have fiscal control and fund accounting procedures in place to ensure the proper disbursement of and accounting for funds (34 CFR 364.34). These procedures must enable NHVR to ensure accurate financial accountability for the IL Part B program. In particular, NHVR must have fiscal controls in place that enable it to expend and account for IL Part B funds to such degree that it can trace the funds for each activity to ensure that the funds were expended in accordance with Federal requirements (34 CFR 80.20(a)). The invoices that are submitted by the CRPs do not include sufficiently detailed information (as required by their contracts) that would allow NHVR staff to determine that individuals are receiving the services intended. As such, NHVR staff are unable to account for and trace funds to ensure that they are expended on allowable activities, resulting in non-compliance with 34 CFR 364.34 and 34 CFR 80.20(a).

Corrective Action 1: NHVR must:

- 1.1 submit a written assurance to RSA within ten days of receipt of the final monitoring report that NHVR will comply with 34 CFR 364.34 and 34 CFR 80.20, to ensure the proper and efficient administration of the IL Part B program and accurate financial accounting of all IL Part B funds; and
- 1.2 develop and implement policies and procedures for IL staff to ensure that:
 - a. verifiable supporting documentation is available for all expenditures, including those satisfying a cost sharing or matching requirement;
 - b. fiscal controls permit the tracking of expenditures necessary to ensure that the funds are not used in violation of restrictions and prohibitions of applicable statutes; and
 - c. internal controls are in place to ensure that federal funding is accounted for, and used solely for authorized purposes.

2. Monitoring of Grant Activities

Legal Requirement:

34 CFR 80.40(a) states that:

Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program function and activity.

Finding 2: NHVR is not in compliance with 34 CFR 80.40(a), because it does not conduct monitoring activities, or have a formal monitoring protocol established, that enable it to assure that IL Part B grant-supported activities performed by CRPs comply with applicable Federal requirements, and that performance goals are being achieved.

NHVR contracts its IL Part B award to three service providers for the provision of IL Part B services. The IL services provided by CRPs under contract with NHVR constitute grant-supported activities and must be monitored by NHVR to ensure they comply with all Federal requirements. While NHVR's IL Part B contracts indicate a customer satisfaction survey is administered by each CRP, it is currently the SILC, not the DSU, that reviews the customer satisfaction surveys. A customer satisfaction survey may address how consumers like a program and the services provided; however, it does not provide NHVR with information that will enable the agency to ensure compliance with federal requirements or that performance goals have been achieved. NHVR staff disclosed that the agency does not conduct any comprehensive monitoring activities.

Since NHVR is the grantee and the recipient of the federal funds, it is the party responsible for conducting the monitoring of grant supported activities. This can only be accomplished through a structured, formalized monitoring process that may involve activities such as a review of agency performance data and service records, interviews with CRP staff, and analysis of outcomes against established standards and indicators the agency expects from its vendors. Without a formalized approach, the agency is unable to ensure that grant supported activities comply with applicable Federal requirements and that performance goals are being achieved; therefore, NHVR is not compliant with 34 CFR 80.40(a).

Corrective Action 2: NHVR must:

- 2.1 submit a written assurance to RSA within ten days of receipt of the final monitoring report that NHVR will comply with 34 CFR 80.40(a), to monitor grant supported activities to ensure compliance with applicable Federal requirements and that performance goals are being achieved; and
- 2.2 develop and implement policies and procedures to monitor the programmatic and fiscal aspects of the activities and services provided by the CRPs with whom the DSU contracts to provide IL services with IL Part B funds.

3. Application of Indirect Cost Rate

Legal Requirement:

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.20(a) states that:

- (a) A State must exp[e]nd and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant; and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

2 CFR part 225, Appendix A (formerly known as OMB Circular A-87, Attachment A, section C.3.b states that:

All activities which benefit from the governmental unit's indirect cost, including unallowable activities and services donated to the governmental unit by third parties, will receive an appropriate allocation of indirect costs.

2 CFR part 225, Appendix A (formerly known as OMB Circular A-87, Attachment A, section F. *Indirect Costs* states that:

1. General. Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. Indirect cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

2 CFR part 225, Appendix E (formerly known as OMB Circular A-87, Attachment E, section C.3, in pertinent part, states that:

3. Multiple allocation base method.

- c. Actual conditions must be taken into account in selecting the base to be used in allocating the expenses in each grouping to benefitted functions. When an allocation can be made by assignment of a cost grouping directly to the function benefitted, the allocation shall be made in that manner. When the expenses in a grouping are more general in nature, the allocation should be made through the use of a selected base which produces results that are equitable to both the Federal Government and the governmental unit. In general, any cost element or related factor associated with the governmental unit's activities is potentially adaptable for use as an allocation base provided that: (1) it can readily be expressed in terms of dollars or other quantitative measures (total direct costs, direct salaries and wages, staff hours applied, square feet used, hours of usage, number of documents processed, population served, and the like), and (2) it is common to the benefitted functions during the base period.

- e. The distribution base used in computing the indirect cost rate for each function may be (1) total direct costs (excluding capital expenditures and other distorting items such as pass through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

Finding 3: NHVR is not in compliance with OMB Circular A-87, Attachment A, sections C.3.b and F.1, and Attachment E, section C.3, because in FY 2009 it failed to apply the indirect cost rate (IDCR) to the correct base identified in the indirect cost proposal (IDCP) approved by the U.S. Department of Education (ED), pursuant to 2 CFR part 225, Appendix E, section E.1 (formerly known as OMB Circular A-87, Attachment E, section E.1). The quarterly SF-269, for reporting end date June 30, 2010, submitted by NHVR indicates that NHVR applied the approved IDCR to a base of \$9,985,462 -- rather than a base of \$5,731,746, as approved by ED in NHVR's IDCP.

The NH Department of Education (NHDOE) submits an annual IDCP to ED, pursuant to 2 CFR part 225, Appendix E, section D.1.b (formerly known as OMB Circular A-87, Attachment E, section D.1.b). ED uses that IDCP to generate an approved IDCR for NHVR. When applied as approved by ED, the IDCR ensures that indirect costs are applied in an equitable manner across different programs. The ED-approved FY 2009 IDCP for NHDOE, which includes NHVR's actual FY 2007 expenditures of \$14,194,233, identified the approved indirect cost base as \$5,731,746. The indirect cost base is the accumulated direct costs used to distribute indirect costs to individual Federal awards. Of the \$14,194,233 in actual expenditures that year, it was determined that \$5,731,746 were not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Therefore, the amount of these expenditures (\$5,731,746) is the base of costs subject to the indirect cost rate. The FY 2009 IDCR approved by ED was a fixed rate with carry-forward, meaning that costs may fluctuate and could lead to an increase in the base.

Upon reviewing NHVR's SF-269 for reporting period ending June 30, 2010, RSA noticed that NHVR had applied the approved IDCRC to a base of \$9,985,462 – not the \$5,731,746 base approved by ED. However, because ED had approved the IDCRC as a fixed rate with carry-forward, RSA requested additional information from NHDOE to determine whether the agency's FY 2009 expenditures had increased to such an extent that would explain the fact that the base used by NHVR was more than double that approved by ED. In applying the IDCRC to the incorrect base of \$9,985,462, NHVR reported \$540,000 in indirect costs as being charged against VR funds, rather than the approximately \$310,000 in indirect costs that should have been charged to the VR program had NHVR applied the IDCRC to the base from the ED-approved IDCRC. Therefore, Federal funds were used to pay approximately \$230,000 more in indirect costs in FY 2009 than was approved by the IDCRC. Given that NHVR has not submitted information that justifies the use of \$9,985,462 as a base, it is clear that NHVR failed to comply with OMB Circular A-87, Attachment E, section C.3 by not applying the IDCRC to a base that is based on actual conditions. Furthermore, in failing to apply the IDCRC correctly to the approved IDCRC, NHVR failed to comply with 34 CFR 361.12 and 34 CFR 80.20, which require NHVR to administer the VR program in such a manner that ensures the proper and efficient administration of the program and fiscal accountability. By not charging the rate to the correct base amount, NHVR used \$230,000 more in Federal funds than it should have, resulting in improper expenditures under the VR program.

Corrective Action 3: NHVR must:

- 3.1 cease applying the IDCRC in a manner that is not consistent with the approved IDCRC;
- 3.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will apply the approved IDCRC to the base as approved in its IDCRC;
- 3.3 revise the FY 2009 SF-269s to ensure that indirect costs are accurately calculated consistent with the approved IDCRC; and
- 3.4 ensure that future IDCRCs reflect that all activities that benefit the governmental unit's activities receive an appropriate allocation of indirect costs.

4. Reporting: RSA-2 and SF-269 Reports

Legal Requirement:

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.20 of EDGAR requires that:

- (a) A state must exp[e]nd and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control

and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant; and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

Finding 4: NHVR is not in compliance with the requirements of 34 CFR 361.12 and 34 CFR 80.20(a), because NHVR failed to report accurately the amount of Assessment (Purchased Only) and Placement (Purchased Only) funds it expended for FYs 2004 through 2008 on the RSA-2 report, as well as the indirect costs on the FY 2009 SF-269 reports.

- For FYs 2004-2008, Schedule II of the RSA-2 report indicated that NHVR expended \$0 in the Placement (Purchased Only) category. RSA's review of services provided by NHVR identified Employment Preparation Assessment (EPA) as job search and development, classifying this service as one appropriate for the Placement (Purchased Only) category on the RSA-2. However, NHVR has classified EPA under the Assessment (Purchased only) category, artificially inflating the expenditures identified for that category.
- Additionally, due to the application of the IDCR to an unapproved base, as described in compliance finding 3 above, the SF-269 reports for FY 2009 do not accurately reflect the indirect costs allowable under the VR program.

Federal regulations require that all recipients of Federal funds accurately report the financial results of all Federally-assisted activities (34 CFR 361.12 and 34 CFR 80.20(a)). NHVR's categorization of purchased Assessment and Placement costs does not accurately report the expenditures that NHVR has incurred in each of those categories. RSA utilizes financial reports, such as the RSA-2 and SF-269, as the basis for establishing data trends and norms from which to compare agencies that are monitored. Inaccurate reporting will impact the agency and national trends, prohibiting accurate analyses of data from one agency to another and nationwide. Additionally, RSA uses the SF-269 reports to determine whether states have met their match and MOE requirements, as well as a means to compare grant balances to reported expenditures. RSA's inability to collect accurate data from the RSA-2s and the SF-269s impacts its ability to give an accurate description of the VR agencies' activities in its annual report to Congress, as required by section 12(b) of the Act. By not submitting accurate reports, NHVR has failed to comply with 34 CFR 361.12 and 34 CFR 80.20(a).

Corrective Action 4: NHVR must:

- 4.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will report VR expenditures accurately and in appropriate categories on the RSA-2 report, and that it will submit complete and accurate financial SF-269/SF-425 reports, as required by 34 CFR 361.12 and 34 CFR 80.20;
- 4.2 revise the RSA-2 for FYs 2004 through 2008 to reflect the accurate Assessment (Purchased Only) and Placement (Purchased Only) amounts for each of those Federal fiscal years; and
- 4.3 review the approved IDCR and base established for FY 2009 and revise the SF-269 reports as needed, so that the approved IDCR is applied to the correct base.

5. Assigning Personnel Costs

Legal Requirements:

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.20 requires that:

- (a) A state must exp[en]d and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - (1) Permit preparation of reports required by this part and the statutes authorizing the grant; and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

2 CFR part 225, Appendix B (formerly known as OMB Circular A-87, Attachment B, paragraph 8, in pertinent part, states:

- 8.h.4 Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) ... Such documentary support will be required where employees work on: (a) more than one federal award; and (b) A federal award and a non-federal award.
- 8.h.5 Personnel activity reports or equivalent documentation must meet the following standards: (a) they must reflect an after-the-fact distribution of the actual activity of each employee; (b) they must account for the total activity for which each employee is compensated; (c) they must be signed by the employee; and (d) budget estimates or other distribution percentages determined before services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes.

Finding 5: NHVR is not in compliance with 34 CFR 361.12, 34 CFR 80.20, and OMB Circular A-87, Attachment B, 8.h.4 and 8.h.5, because personnel costs for administering the IL Part B program are borne by the VR program. While onsite, RSA learned that NHVR has developed a “time budget” for personnel costs that account for the percentages of time spent on the IL Part B and VR programs. In reviewing these personnel costs budgets, as well as personnel activity reports, RSA learned the following:

- Personnel activity reports for individuals working on multiple cost objectives demonstrate that the time split is recorded to meet the budgeted time, rather than reflect an actual, after-the-fact, distribution of the employees' activity in all programs. RSA's discussions with NHVR administrative staff, while onsite, confirmed this information.
- NHVR utilizes a "G" category to account for time spent on activities that affect both Title I and Non-Title I funding, including leave, lunch, and agency meetings. The "G" category is charged to Title I funds without consideration of the other cost objectives the individual works on, including the IL Part B and OIB programs. As a result, VR bears a disproportionate share of costs that are allocable to these other programs.
- One individual certified that 100 percent of time is spent on the VR program, but RSA learned, through review of approved invoices, that this individual also works on IL Part B activities, including the approval of invoices related to IL Part B services. As a result, the VR program is bearing a disproportionate share of the personnel costs that should be borne by the IL Part B program.

Although the funding for the VR program represents the greatest share of NHVR's funding, the continuing practice of assigning all personnel costs to the VR program because of limited funding in other programs is not allowable under the cost principles outlined in OMB Circular A-87. To the extent NHVR has staff that work on multiple programs, NHVR must maintain personnel activity reports to account for the time staff work on each program (OMB Circular A-87, Attachment B, paragraph 8). NHVR's failure to account for personnel activities accurately in accordance with the time spent on each program results in non-compliance with OMB Circular A-87, Attachment B, paragraph 8. Furthermore, NHVR has failed to comply with 34 CFR 361.12 and 34 CFR 80.20, which requires the proper and efficient administration of the VR program, which ensures proper accounting of expenditures and record-keeping. By using VR funds to pay for costs that should have been borne by the IL Part B program, NHVR has not ensured proper administration and fiscal accountability under the VR program.

Corrective Action 5: NHVR must:

- 5.1 cease using Title I funds for personnel costs that do not arise under the VR program, as supported by documentation, pursuant to OMB Circular A-87, Attachment B, 8.h.4 and 8.h.5;
- 5.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with 34 CFR 361.12, 34 CFR 80.20, and OMB Circular A-87, Attachment B, 8.h.4 and 8.h.5; and
- 5.3 submit a plan, including timelines, describing the corrective actions that will be taken to ensure:
 - a) personnel activity reports are maintained that reflect actual time spent on each program in order to support the allocation of an equitable portion of personnel costs for individuals, not charged indirectly, who work on more than one federal grant program or cost objective; and,
 - b) personnel and administrative costs are allocated equitably, either directly or indirectly, to each program administered by NHVR in accordance with program requirements.

6. Determining Allocable Contract Costs

Legal Requirements:

34 CFR 361.50(c)(1) states:

The State unit must establish and maintain written policies to govern the rates of payment for all purchased vocational rehabilitation services.

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 364.34 states that:

In addition to complying with applicable EDGAR fiscal and accounting requirements, the State plan must include satisfactory assurances that all recipients of financial assistance under Parts B and C of chapter 1 of title VII of the Act will adopt those fiscal control and fund accounting procedures as may be necessary to ensure the proper disbursement of and accounting for those funds.

2 CFR part 225, Appendix A (formerly known as OMB Circular A-87, Attachment A, section C), in pertinent part, states:

C.1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular.

C.3. Allocable costs.

- a. A cost is allocable to a particular cost objective if the goods and services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

Finding 6: NHVR is not in compliance with 34 CFR 361.50(c)(1), 34 CFR 361.12, 34 CFR 364.34, and OMB Circular A-87, because there is no policy that specifically governs the rate setting methodology for all purchased services, or a uniform cost basis for services provided by CRPs. NHVR's policy states: "Goods and services shall be purchased based on the individual services necessary to complete an assessment for the determination of eligibility or as specified in an Individualized Plan for Employment (IPE) in accordance with the Provider Fee Schedule and NH State Purchasing Rules and Procedures." While this discusses the use of a fee schedule, it does not identify how the rates are determined. RSA was not able to determine whether, in fact, there was a Provider Fee Schedule in effect. According to the information RSA reviewed while onsite, it appears NHVR's process for determining fees is different for each vendor. RSA's onsite discussions with agency administrative staff confirmed that smaller vendors set

their own fees based upon their cost to do business, and, as a result, NHVR pays different costs for similar services in the same geographic area.

Federal regulations require NHVR to establish procedures that enable it to administer the VR program in an efficient manner that ensures it can carry out all functions properly (34 CFR 361.12). NHVR also must establish and maintain written policies that govern the rates of payment for all purchased VR services (34 CFR 361.50(c)(1)). Similarly, NHVR must assure that it will adopt those fiscal control and fund accounting procedures as may be necessary to ensure the proper disbursement of and accounting for IL Part B funds (34 CFR 364.34). The Federal cost principles require that allowable costs be necessary and reasonable for proper and efficient program performance and administration, as well as be allocable to the program (OMB Circular A-87, Attachment A, paragraph C.1). To be allocable to a program, the cost must be relative to the benefit received (*Id.* at paragraph C.3.). NHVR has failed to comply with 34 CFR 361.12, 34 CFR 361.50(c)(1), and 34 CFR 364.34 by not having a uniform system for developing fees with CRPs. The lack of this system has resulted in NHVR paying substantially different amounts for the same services in the same geographic area, which is neither reasonable nor necessary for the VR program. By paying substantially different amounts for the same services in the same geographic area, NHVR is not able to determine the relative benefit the program is receiving to ensure the costs are allocable to the program. NHVR, therefore, has failed to comply with the requirements set forth at 34 CFR 361.12, 34 CFR 361.50(c)(1), 34 CFR 364.34, and the cost principles set forth in OMB Circular A-87.

Corrective Action 6: NHVR must:

- 6.1 cease paying different amounts for similar services in the same geographic area;
- 6.2 submit a written assurance to RSA within 10 days of the final monitoring report that NHVR will comply with 34 CFR 361.12, 34 CFR 361.50(c)(1), 34 CFR 364.34, and OMB Circular A-87;
- 6.3 establish and maintain written policies that govern the rate setting methodology for all purchased VR services, as required by 34 CFR 361.50(c)(1), in order to ensure uniformity in payments for such services; and
- 6.3 submit copies of policies and procedures developed pursuant to this corrective action to RSA to ensure completion of that action.

Technical Assistance and Continuing Education

This section of the chapter describes the technical assistance (TA) provided by RSA to NHVR during the course of the review and the continuing education needs of the agency identified by its personnel and stakeholders. The TA requested by the agency to enable it to carry out the recommendations and findings set forth above is included in Appendix A of this report titled “NHVR Response.”

TA Provided

To enable the agency to improve its fiscal management processes, RSA provided TA to NHVR during the review process regarding:

- a synopsis of each requirement, and reviewed with NHVR RSA's assessment of the agency's compliance with specific financial requirements, e.g., match, MOE, carryover, reallocation, and program income;
- the need to strengthen the fiscal planning process by including fiscal and program staff, integrating the VR, IL Part B and OIB programs to maximize resources and incorporate a plan to utilize and reduce large carryover balances;
- the use of I&E funds to support the SILC and SRC, including the possible inclusion of these funds in the FY 2011 – FY 2013 SPIL Resource Plan;
- the use of Social Security program income transfers to the IL Part B and OIB programs as a potential resource to supplement the programs and cover costs that are incurred beyond the IL program budgets;
- the review of contractor records by the DSU to ensure that staff are only paid for the costs allocable to contract requirements;
- the requirement of the DSU to monitor grant supported activities, including those identified in service contracts; and
- how to account for the program income transferred to the IL Part B and OIB programs through the remarks section on the SF-269 and SF-425 reports.

Continuing Education

During the course of the review, NHVR and stakeholder representatives, requested that agency personnel receive continuing education related to fiscal management in the areas of:

- procurement practices utilized by other state agencies; and
- training on the completion of the SF-425 report.

CHAPTER 5: PROGRESS TOWARD REDRESSING FINDINGS FROM PRIOR RSA REVIEWS

As a result of the RSA review of NHVR conducted in FY 2004, the state agency implemented a Corrective Action Plan. A summary of the progress that NHVR has made on the Corrective Action Plan appears below.

Corrective Action Plan

Through the implementation and completion of the Corrective Action Plan, NHVR successfully resolved compliance findings in the following programmatic and fiscal areas:

- presumed eligibility;
- documentation of disability significance;
- initial referral contact timelines;
- timely provision of services after IPE implementation;
- documentation that services provided substantially contributed to employment outcome;
- documentation of 90 day employment retention to successfully close case;
- meeting standard and indicator 2.1 threshold of serving 100 minority consumers;
- policies did not adequately define the nature and scope of VR services; and
- informed choice.

APPENDIX A: NHVR RESPONSE

Responses to Observations, Recommendations, Compliance Findings or Corrective Actions and TA Needs

Chapter 1: NHVR Vocational Rehabilitation and Supported Employment Programs

VR/SE Program Performance Observations and Recommendations

1. Hours Worked Per Week and Employer Provided Medical Insurance for Adults Achieving Employment Outcomes

Recommendations: RSA recommends that NHVR:

- 1.1 develop and implement strategies to increase the number of hours worked and employer-provided medical insurance for individuals with disabilities served by the agency who achieve employment outcomes.

Agency Response:

- In May 2010 NHVR completed re-structuring the CRP menu of services and component pricing. In response to this observation NHVR will consider implementing incentive pricing for CRP's that would relate to the hours worked and medical insurance attainment for customers.
- Due to the employer penetration of the Statewide Corporate Relations Supervisor employers are being targeted for customer employment that would have more opportunity to provide more hours and medical insurance.
- NHVR is connecting the Employment Specialists and Corporate Relations Supervisor directly to field staff.
- NHVR will systematically examine data to determine if the trend has changed to ensure that the agency monitors these elements for future planning. A report exists for each counselor in the CMS Strategic Planning Database that compares successful closures to the Standards and Indicators.

Technical Assistance: NHVR may request TA.

- 1.2 develop and implement strategies to ensure all appropriate individuals receiving SSI and/or SSDI are referred to the BSU to capitalize on its expertise in assisting individuals with SSI and/or SSDI to increase the number of hours worked per week.

Agency Response: Since July 1, 2009 NHVR has had a benefit specialist in the Manchester Regional office and the Portsmouth Regional office. They completed the Cornell training to become WIPA certified and are working on a daily basis with multiple customers that receive SSI and SSDI.

Technical Assistance: NHVR does not request TA.

2. Hours Worked Per Week and Employer Provided Medical Insurance for Transition-Age Youths Achieving Employment Outcomes

Recommendations: RSA recommends that NHVR:

2.1 develop and implement strategies to improve the quality of employment outcomes for transition-age youths with disabilities served by the agency;

Agency Response:

- Since October of 2009 NHVR has developed and supported the following programs to assist in improving the quality of employment outcomes for transition-aged youth:
 - Project Search (sector-based training in healthcare internships) sites have been fully implemented in three regions (Nashua, Manchester and Concord) as of November 2010, developed in Keene for implementation in January 2011 and in the initial development stages for Lebanon and Dover for September 2011.
 - Granite State Independent Living provided a summer classroom and work experience program (Earn and Learn) during the summer of 2010. Several students in the program determined their initial goals had changed and were now examining post-secondary education opportunities. In addition, the ARRA funding GSIL received shall provide dropout prevention and recovery activities to students who have been determined eligible. Programming is designed to re-engage students into their education, while connecting them to post-secondary education and employment opportunities.
 - NHVR collaborated with Keene State College in the summer of 2010 for a college classroom and work experience program (ACES-A Chance to Experience Success). Students spent time on a college campus and explored work experiences to increase their interest in occupations.
 - The Robert Lister Academy identifies at-risk students determined eligible and assists them within the healthcare and hospitality industries. The program includes the development of curriculum, work site opportunities and the opportunity for the student to earn high school credits through extended learning opportunities.
 - The Strafford Learning Center receives ARRA funding to provide dropout prevention and recovery activities designed to re-engage students in educational programming (through extended learning opportunities) while connecting them to employment opportunities in the construction and extraction trades.
 - The NHVR Transition Coordinator and Program Specialist have been meeting with school personnel and Special Education professionals statewide to ensure appropriate and timely referrals to the agency.

Technical Assistance: NHVR may request TA.

2.2 Develop and implement strategies to increase the delivery of post-secondary education and vocational training to transition-age youths.

Agency Response:

- NHVR is located within the Division of Career Technology and Adult Learning in the Department of Education. Within the Division are several connecting programs that can be components in assisting transition-aged youth in post-secondary education. The Career Technology program, Adult High School and WIA Youth can be a pathway for students in identifying future vocational occupations. Collaboration with these programs is ongoing and as a result the agency expects increased post-secondary outcomes.
- NHVR will examine post-secondary data with respect to transition referrals and target programming to assist counselors in working with students on post-secondary education goals resulting in competitive employment.

Technical Assistance: NHVR may request TA.

2. Supported Employment Services

Recommendations: RSA recommends that NHVR:

3.1 develop and implement strategies to improve the achievement of SE outcomes for more individuals with SPMI and individuals with intellectual disabilities;

Agency Response:

- NHVR has completed an MOU with the Bureau of Behavioral Health (BBH). This agreement outlines the work that BBH and NHVR will do on state and local levels to increase the outcomes for customers with mental health disabilities. The Dartmouth Evidence-Based Practice model is being trained regionally with local VR offices and Mental Health Centers.
- NHVR is expanding the Project Search program in the state and this will increase outcomes for customers with intellectual and developmental disabilities.
- NHVR will be developing an MOU with the Bureau of Developmental Services (BDS) in FY11 that will outline referral procedures to increase service provision to customers with intellectual disabilities.

Technical Assistance: NHVR may request TA.

3.2 work with the BMH and Partnership Plus Program to ensure the provision of extended services.

Agency Response: NHVR will develop the opportunity for Partnership Plus agreements with mental health centers to increase the employment opportunities for customers with mental health disabilities. In partnering the mental health centers could gain an additional revenue source to assist with long term supports. In our restricted fiscal situation there is no current method for billing for long terms supports in the mental health field.

Technical Assistance: NHVR does not request TA.

3. Self-Employment

Recommendations: RSA recommends that NHVR:

- 4.1 develop and implement strategies to increase the availability of and access to self-employment services, particularly in the most rural areas of the state; and
- 4.2 develop and implement training for VR counselors to assist them in understanding the components of a self-employment IPE and the community resources available to assist in the development of a business plan for self-employment.

Agency Response (4.1 and 4.2): NHVR is working with a Self-Employment expert to provide training and ongoing technical assistance to enhance counselor knowledge utilizing a wide variety of web-based resources to increase the self-employment opportunities to customers.

Technical Assistance: NHVR does not request TA.

VR/SE Program Compliance Findings and Corrective Actions

Finding 1: NHVR is not in compliance with Section 101(a)(9)(A) of the Rehabilitation Act and 34 CFR 361.45(a)(1) because it does not have a policy stating NHVR's IPE timeline. Based on a review of NHVR's current policy manual (updated 6/01/07), RSA found that it did not identify standards for the prompt development of IPEs, including timelines. Based on staff interviews at multiple levels, there were varying perceptions of the agency's standard for developing an IPE. RSA concluded that NHVR did not have an established standard that ensures the IPE is developed and implemented in a timely manner, and is not in compliance with 34 CFR 361.45(a)(1) and 34 CFR 361.45(e).

Corrective Action 1: NHVR must:

- 1.1 submit a written assurance to RSA within ten days of the final monitoring report that NHVR will comply with Section 101(a)(9)(A) of the Rehabilitation Act and 34 CFR 361.45(a)(1) and 34 CFR 361.45(e); and

Agency Response: NHVR will submit a written assurance to RSA within ten days of the final monitoring report that NHVR will comply with Section 101(a)(9)(A) of the Rehabilitation Act and 34 CFR 361.45(a)(1) and 34 CFR 361.45(e).

Technical Assistance: NHVR does not request TA.

- 1.2 take the necessary steps to ensure that it establishes standards for the prompt development of IPEs, as required by 34 CFR 364.45(a)(1) and 34 CFR 361.45(e).

Agency Response: NHVR will take the necessary steps to ensure that it establishes standards for the prompt development of IPEs, as required by 34 CFR 364.45(a)(1) and 34 CFR 361.45(e).

Technical Assistance: NHVR does not request TA.

CHAPTER 2: NHVR INDEPENDENT LIVING (IL) PROGRAM

IL Program Performance Observations and Recommendations

1. IL Part B Service Contracts

Recommendation: RSA recommends that NHVR develop and implement a revised contract that includes specific provisions related to service definitions, contract deliverables, documentation required to support payment of invoices, and program evaluation responsibilities.

Agency Response: NHVR will develop and implement a revised contract that includes specific provisions related to service definitions, contract deliverables, documentation required to support payment of invoices, and program evaluation responsibilities. NHVR has gathered information from other agencies to assist in this development process.

Technical Assistance: NHVR does not request TA.

IL Program Compliance Findings and Corrective Actions

Finding 1: NHVR, in its role as the DSU, is not in compliance with 34 CFR 364.22(a)(2) and 34 CFR 80.36(b) because the DSU, as the entity responsible for disbursing Part B funds, does not have the appropriate procedures and controls in place to ensure an objective procurement process. While it may be permissible to involve the SILC in the review process for applications submitted pursuant to an RFP, because the SILC is performing an activity on behalf of the DSU, the SILC may not use any of its resource funds to do so and the DSU should arrange for payment for the service as it would for other contractors. The DSU must make the final determination as to who gets funding after following policies and procedures that provide for true competition in accordance with state law.

Corrective Action 1: NHVR must

1.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that the DSU will comply with 34 CFR 364.22 to disburse Part B funds in accordance with policies and procedures that ensure competition as provided under state law;

Agency Response: NHVR will submit a written assurance to RSA within 10 days of receipt of the final monitoring report that the DSU will comply with 34 CFR 364.22 to disburse Part B funds in accordance with policies and procedures that ensure competition as provided under state law.

Technical Assistance: NHVR does not request TA.

1.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that the DSU will comply with 34 CFR 80.36(b) to ensure that the DSU's procurement process for IL Part B funds meets these conflict of interest requirements; and

Agency Response: NHVR will submit a written assurance to RSA within 10 days of receipt of the final monitoring report that the DSU will comply with 34 CFR 80.36(b) to ensure that the DSU's procurement process for IL Part B funds meets these conflict of interest requirements.

Technical Assistance: NHVR does not request TA.

1.3 clearly delineate the DSU and SILC duties in all contracts and associated documents to comply with federal requirements.

Agency Response: NHVR is in the process of developing contracts which clearly delineate the duties of the DSU and the SILC that comply with federal requirements. The DSU requests clarification as to the definition of "associated documents".

Technical Assistance: NHVR does not request TA.

Chapter 3: Independent Living Services Program for Older Individuals Who Are Blind

OIB Program Performance Observations and Recommendations

1. Case Management System

Recommendation: RSA recommends that NHVR:

1.1 consider linking the OIB CMS with the VR CMS for individuals receiving services from both the OIB and VR programs; and

Agency Response: We are considering incorporating the entire OIB CMS into the VR CMS.

Technical Assistance: NHVR does not request TA.

1.2 update consumers' information yearly to keep the database current.

Agency Response: Individual customer records are updated when services are requested. Individual records are deactivated when data is no longer needed for the current year report.

Technical Assistance: NHVR does not request TA.

Fiscal Management Observations and Recommendations

1. Fiscal Planning

Recommendation 1: RSA recommends that NHVR:

1.1 develop and implement a multi-year fiscal planning process that integrates the VR, IL Part B, and OIB programs and identifies the overarching priorities of the agency;

Agency Response: NHVR will develop and implement a multi-year fiscal planning process that integrates the VR, IL Part B, and OIB programs and identifies the overarching priorities of the agency.

Technical Assistance: NHVR does not request TA.

1.2 explore strategies to maximize the resources of all three programs through the use of program income transfers and I & E funds; and

Agency Response: NHVR will explore strategies to maximize the resources of all three programs through the use of program income transfers and I & E funds; and

Technical Assistance: NHVR does not request TA.

1.3 determine an acceptable carryover level and develop a plan to reduce excessive carryover balances.

Agency Response: NHVR will examine the carryover balance to ensure acceptable levels.

Technical Assistance: NHVR does not request TA.

CHAPTER 4: FISCAL MANAGEMENT OF THE NHVR VR, SE, IL, and OIB Programs

Fiscal Management Compliance Findings and Corrective Actions

Finding 1: NHVR is not in compliance with 34 CFR 364.34 and 34 CFR 80.20(a) because it has not adopted fiscal controls or accounting procedures to ensure the proper disbursement and accounting of IL part B funds. NHVR contracts its IL part B award (*e.g.*, FY 2008 - \$296,212) to three service providers for the provision of IL Part B services. The contracts specify that payment will be on a cost reimbursement basis. Specifically, the contracts provide: “**Method of Payment:** Payment shall be made following receipt of invoices which are supported by a summary of activities that have taken place in accordance with terms of the contract along with a detailed listing of expenses incurred. If correct, payment will be made for 100% of the expenditures listed.”

- It has been determined that one CRP submits incomplete invoices for services provided. The invoices request lump sum payments between one and two quarters, encompassing

three to six months, of the contracted services, without the inclusion of supporting documentation to demonstrate the services provided, to how many individual(s), and for what amount.

- The other CRPs have submitted invoices for services that include service coordination, without supporting documentation sufficient to explain what specific aspect of service coordination was provided and to how many individuals.

Corrective Action 1: NHVR must:

- a. submit a written assurance to RSA within ten days of receipt of the final monitoring report that NHVR will comply with 34 CFR 364.34 and 34 CFR 80.20, to ensure the proper and efficient administration of the IL Part B program and accurate financial accounting of all IL Part B funds; and

Agency Response: NHVR will submit a written assurance to RSA within ten days of receipt of the final monitoring report that NHVR will comply with 34 CFR 364.34 and 34 CFR 80.20, to ensure the proper and efficient administration of the IL Part B program and accurate financial accounting of all IL Part B funds

Technical Assistance: NHVR does not request TA.

- b. develop and implement policies and procedures for IL staff to ensure that:
 - a. verifiable supporting documentation is available for all expenditures, including those satisfying a cost sharing or matching requirement;
 - b. fiscal controls permit the tracking of expenditures necessary to ensure that the funds are not used in violation of restrictions and prohibitions of applicable statutes; and
 - c. internal controls are in place to ensure that federal funding is accounted for, and used solely for authorized purposes.

Agency Response: NHVR will develop and implement policies and procedures for IL staff to ensure that:

- a. verifiable supporting documentation is available for all expenditures, including those satisfying a cost sharing or matching requirement;
- b. fiscal controls permit the tracking of expenditures necessary to ensure that the funds are not used in violation of restrictions and prohibitions of applicable statutes; and
- c. internal controls are in place to ensure that federal funding is accounted for, and used solely for authorized purposes.

Technical Assistance: NHVR does not request TA.

Finding 2: NHVR is not in compliance with 34 CFR 80.40(a), because it does not conduct monitoring activities, or have a formal monitoring protocol established, that enable it to assure that IL Part B grant-supported activities performed by CRPs comply with applicable Federal requirements, and that performance goals are being achieved.

Corrective Action 2: NHVR must:

2.1 submit a written assurance to RSA within ten days of receipt of the final monitoring report that NHVR will comply with 34 CFR 80.40(a), to monitor grant supported activities to ensure compliance with applicable Federal requirements and that performance goals are being achieved; and

Agency Response: NHVR will submit a written assurance to RSA within ten days of receipt of the final monitoring report that NHVR will comply with 34 CFR 80.40(a), to monitor grant supported activities to ensure compliance with applicable Federal requirements and that performance goals are being achieved.

Technical Assistance: NHVR does not request TA.

2.2 develop and implement policies and procedures to monitor the programmatic and fiscal aspects of the activities and services provided by the CRPs with whom the DSU contracts to provide IL services with IL Part B funds.

Agency Response: NHVR will develop and implement policies and procedures to monitor the programmatic and fiscal aspects of the activities and services provided by the CRPs with whom the DSU contracts to provide IL services with IL Part B funds.

Technical Assistance: NHVR does not request TA.

Finding 3: NHVR is not in compliance with OMB Circular A-87, Attachment A, sections C.3.b and F.1, and Attachment E, section C.3, because in FY 2009 it failed to apply the indirect cost rate (IDCR) to the correct base identified in the indirect cost proposal (IDCP) approved by the U.S. Department of Education (ED), pursuant to 2 CFR part 225, Appendix E, section E.1 (formerly known as OMB Circular A-87, Attachment E, section E.1). The quarterly SF-269, for reporting end date June 30, 2010, submitted by NHVR indicates that NHVR applied the approved IDCR to a base of \$9,985,462 -- rather than a base of \$4,322,424, as approved by ED in NHVR's IDCP.

Corrective Action 3: NHVR must:

3.1 cease applying the IDCR in a manner that is not consistent with the approved IDCP;

Agency Response: NHVR will cease applying the IDCR in a manner that is not consistent with the approved IDCP.

Technical Assistance: NHVR does not request TA.

3.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will apply the approved IDCR to the base as approved in its IDCP;

Agency Response: NHVR will submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will apply the approved IDCR to the base as approved in its IDCP.

Technical Assistance: NHVR does not request TA.

3.3 revise the FY 2009 SF-269s to ensure that indirect costs are accurately calculated consistent with the approved IDCP;

Agency Response: NHVR will revise the FY 2009 SF-269s to ensure that indirect costs are accurately calculated consistent with the approved IDCP.

Technical Assistance: NHVR does not request TA.

3.4 ensure that future IDCPs reflect that all activities that benefit the governmental unit's activities receive an appropriate allocation of indirect costs.

Agency Response: NHVR will ensure that future IDCPs reflect that all activities that benefit the governmental unit's activities receive an appropriate allocation of indirect costs.

Technical Assistance: NHVR does not request TA.

Finding 4: NHVR is not in compliance with the requirements of 34 CFR 361.12 and 34 CFR 80.20(a), because NHVR failed to report accurately the amount of Assessment (Purchased Only) and Placement (Purchased Only) funds it expended for FYs 2004 through 2008 on the RSA-2 report, as well as the indirect costs on the FY 2009 SF-269 reports.

- For FYs 2004-2008, Schedule II of the RSA-2 report indicated that NHVR expended \$0 in the Placement (Purchased Only) category. RSA's review of services provided by NHVR identified Employment Preparation Assessment (EPA) as job search and development, classifying this service as one appropriate for the Placement (Purchased Only) category on the RSA-2. However, NHVR has classified EPA under the Assessment (Purchased only) category, artificially inflating the expenditures identified for that category.
- Additionally, due to the application of the IDCR to an unapproved base, as described in compliance finding 3 above, the SF-269 reports for FY 2009 do not accurately reflect the indirect costs allowable under the VR program.

Corrective Action 4: NHVR must:

4.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will report VR expenditures accurately and in appropriate categories on the RSA-2 report, and that it will submit complete and accurate financial SF-269/SF-425 reports, as required by 34 CFR 361.12 and 34 CFR 80.20;

Agency Response: NHVR will submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will report VR expenditures accurately and in appropriate categories on the RSA-2 report, and that it will submit complete and accurate financial SF-269/SF-425 reports, as required by 34 CFR 361.12 and 34 CFR 80.20

Technical Assistance: NHVR does not request TA.

4.2 revise the RSA-2 for FYs 2004 through 2008 to reflect the accurate Assessment (Purchased Only) and Placement (Purchased Only) amounts for each of those Federal fiscal years; and

Agency Response: NHVR will revise the RSA-2 for FYs 2004 through 2008 to reflect the accurate Assessment (Purchased Only) and Placement (Purchased Only) amounts for each of those Federal fiscal years

Technical Assistance: NHVR does not request TA.

4.3 review the approved IDCR and base established for FY 2009 and revise the SF-269 reports as needed, so that the approved IDCR is applied to the correct base.

Agency Response: NHVR will review the approved IDCR and base established for FY 2009 and revise the SF-269 reports as needed, so that the approved IDCR is applied to the correct base.

Technical Assistance: NHVR does not request TA.

Finding 5: NHVR is not in compliance with 34 CFR 361.12, 34 CFR 80.20, and OMB Circular A-87, Attachment B, 8.h.4 and 8.h.5, because personnel costs for administering the IL Part B program are borne by the VR program. While onsite, RSA learned that NHVR has developed a “time budget” for personnel costs that account for the percentages of time spent on the IL Part B and VR programs. In reviewing these personnel costs budgets, as well as personnel activity reports, RSA learned the following:

- Personnel activity reports for individuals working on multiple cost objectives demonstrate that the time split is recorded to meet the budgeted time, rather than reflect an actual, after-the-fact, distribution of the employees’ activity in all programs. RSA’s discussions with NHVR administrative staff, while onsite, confirmed this information.
- NHVR utilizes a “G” category to account for time spent on activities that affect both Title I and Non-Title I funding, including leave, lunch, and agency meetings. The “G” category is charged to Title I funds without consideration of the other cost objectives the individual works on, including the IL Part B and OIB programs. As a result, VR bears a disproportionate share of costs that are allocable to these other programs.
- One individual certified that 100 percent of time is spent on the VR program, but RSA learned, through review of approved invoices, that this individual also works on IL Part B activities, including the approval of invoices related to IL Part B services. As a result, the VR program is bearing a disproportionate share of the personnel costs that should be borne by the IL Part B program.

Corrective Action 5: NHVR must:

5.1 cease using Title I funds for personnel costs that do not arise under the VR program, as supported by documentation, pursuant to OMB Circular A-87, Attachment B, 8.h.4 and 8.h.5;

Agency Response: NHVR will cease using Title I funds for personnel costs that do not arise under the VR program, as supported by documentation, pursuant to OMB Circular A-87, Attachment B, 8.h.4 and 8.h.5.

Technical Assistance: NHVR does not request TA.

5.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with 34 CFR 361.12, 34 CFR 80.20, and OMB Circular A-87, Attachment B, 8.h.4 and 8.h.5; and

Agency Response: NHVR will submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with 34 CFR 361.12, 34 CFR 80.20, and OMB Circular A-87, Attachment B, 8.h.4 and 8.h.5.

Technical Assistance: NHVR does not request TA.

5.3 submit a plan, including timelines, describing the corrective actions that will be taken to ensure:

- a) personnel activity reports are maintained that reflect actual time spent on each program in order to support the allocation of an equitable portion of personnel costs for individuals, not charged indirectly, who work on more than one federal grant program or cost objective; and,
- b) personnel and administrative costs are allocated equitably, either directly or indirectly, to each program administered by NHVR in accordance with program requirements.

Agency Response: NHVR will submit a plan, including timelines, describing the corrective actions that will be taken to ensure:

- a) personnel activity reports are maintained that reflect actual time spent on each program in order to support the allocation of an equitable portion of personnel costs for individuals, not charged indirectly, who work on more than one federal grant program or cost objective; and,
- b) personnel and administrative costs are allocated equitably, either directly or indirectly, to each program administered by NHVR in accordance with program requirements.

Technical Assistance: NHVR does not request TA.

Finding 6: NHVR is not in compliance with 34 CFR 361.50(c)(1), 34 CFR 361.12, 34 CFR 364.34, and OMB Circular A-87, because there is no policy that specifically governs the rate setting methodology for all purchased services, or a uniform cost basis for services provided by CRPs. NHVR's policy states: "Goods and services shall be purchased based on the individual services necessary to complete an assessment for the determination of eligibility or as specified in an Individualized Plan for Employment (IPE) in accordance with the Provider Fee Schedule and NH State Purchasing Rules and Procedures." While this discusses the use of a fee schedule, it does not identify how the rates are determined. RSA was not able to determine whether, in

fact, there was a Provider Fee Schedule in effect. According to the information RSA reviewed while onsite, it appears NHVR's process for determining fees is different for each vendor. RSA's onsite discussions with agency administrative staff confirmed that smaller vendors set their own fees based upon their cost to do business, and, as a result, NHVR pays different costs for similar services in the same geographic area.

Corrective Action 6: NHVR must:

6.1 cease paying different amounts for similar services in the same geographic area;

Agency Response: In May 2010 NHVR developed component pricing for CRP services. The pricing for each service was developed from data analysis from various VR agencies in the US that have similar demographics and service categories.

Technical Assistance: NHVR does not request TA.

6.2 submit a written assurance to RSA within 10 days of the final monitoring report that NHVR will comply with 34 CFR 361.12, 34 CFR 361.50(c)(1), 34 CFR 364.34, and OMB Circular A-87;

Agency Response: NHVR will submit a written assurance to RSA within 10 days of the final monitoring report that NHVR will comply with 34 CFR 361.12, 34 CFR 361.50(c)(1), 34 CFR 364.34, and OMB Circular A-87;

Technical Assistance: NHVR does not request TA.

6.3 establish and maintain written policies that govern the rate setting methodology for all purchased VR services, as required by 34 CFR 361.50(c)(1), in order to ensure uniformity in payments for such services; and

Agency Response: NHVR will establish and maintain written policies that govern the rate setting methodology for all purchased VR services, as required by 34 CFR 361.50(c)(1), in order to ensure uniformity in payments for such services; and

Technical Assistance: NHVR does not request TA.

6.4 submit copies of policies and procedures developed pursuant to this corrective action to RSA to ensure completion of that action.

Agency Response: NHVR will submit copies of policies and procedures developed pursuant to this corrective action to RSA to ensure completion of that action.

Technical Assistance: NHVR does not request TA.

APPENDIX B: EXPLANATIONS OF DATA TABLES

VR and SE Program Highlights

- Total funds expended on VR and SE – RSA-2 line 1.4
- Individuals whose cases were closed with employment outcomes - RSA-113 line D1
- Individuals whose cases were closed without employment outcomes - RSA-113 line D2
- Total number of individuals whose cases were closed after receiving services – RSA-113 line D1+D2
- Employment rate – RSA-113 line D1 divided by sum of RSA-113 line D1+D2, multiplied by 100
- Individuals whose cases were closed with SE outcomes – Total number of individuals whose employment status at closure (record position 161) = 7 in the RSA-911 report
- New applicants per million state population – RSA-113 line A2 divided by the result of the estimated state population divided by 1 million. The estimated state population is found on the following website: <http://www.census.gov/popest/states/NST-ann-est.html>
- Average cost per employment outcome – Sum of individuals' cost of purchased services from the RSA-911 (record position 104-109) for individuals who achieved an employment outcome (record position 198 = 3) divided by the total number of these individuals
- Average cost per unsuccessful employment outcome – Sum of individuals' cost of purchased services from the RSA-911 (record position 104-109) for individuals who did not achieve an employment outcome (record position 198 = 4) divided by the total number of these individuals
- Average hourly earnings for competitive employment outcomes - Sum of individuals' weekly earnings at closure (record position 163-166) divided by the total hours worked in a week at closure (record position 167-168) for individuals where weekly earnings at closure > 0, where the type of closure (record position 198) = 3, and where competitive employment (record position 162) = 1
- Average state hourly earnings – Using the most relevant available data from the Bureau of Labor Statistics Report (<http://www.bls.gov>), state average annual earnings divided by 2,080 hours

- Percent average hourly earnings for competitive employment outcomes to state average hourly earnings – Average hourly earnings for competitive employment outcomes (above) divided by the Average state hourly earnings (above) multiplied by 100
- Average hours worked per week for competitive employment outcomes - Average hours worked in a week at closure (record position 167-168) for individuals where weekly earnings at closure (record position 163-166) > 0 and where the type of closure (record position 198) = 3 and competitive employment (record position 162) = 1
- Percent of transition age served to total served – Total number of individuals whose age at application is 14-24 and whose type of closure (record position 198) is 3 or 4 divided by all individuals of any age whose type of closure (record position 198) is 3 or 4
- Employment rate for transition population served – Total number of individuals whose age at application is 14-24 and whose type of closure (record position 198) = 3 divided by the number of individuals whose age at application is 14-24 and whose type of closure (record position 198) is 3 or 4 multiplied, the result of which is multiplied by 100
- Average time between application and closure (in months) for individuals with competitive employment outcomes - Average of individuals date of closure (record position 201-208) minus date of application (record position 15-22) in months where type of closure (record position 198) = 3 and competitive employment (record position 162) = 1
- Standard 1 – To achieve successful performance on Evaluation Standard 1 the DSU must meet or exceed the performance levels established for four of the six performance indicators in the evaluation standard, including meeting or exceeding the performance levels for two of the three primary indicators (Performance Indicators 1.3, 1.4, and 1.5).
- Standard 2 – To achieve successful performance on Evaluation Standard 2, the DSU must meet or exceed the performance level established for Performance Indicator 2.1 (.80) or if a DSU's performance does not meet or exceed the performance level required for Performance Indicator 2.1, or if fewer than 100 individuals from a minority population have exited the VR program during the reporting period, the DSU must describe the policies it has adopted or will adopt and the steps it has taken or will take to ensure that individuals with disabilities from minority backgrounds have equal access to VR services.

IL Program Highlights (From RSA 704 report)

- Title VII, Chapter 1, Part B Funds – Subpart I, Administrative Data, Section A, Item 1(A)
- Total Resources (including Part B funds) – Subpart I, Administrative Data, Section A, Item 4
- Total Served - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section A(3)

- Total Consumer Service Records Closed - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section B(6)
- Cases Closed - Completed All Goals - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section B(4)
- Total Goals Set - Subpart III, Section B, Item 1, sum of (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) + (I) + (J) + (K) + (L)
- Total Goals Met - Subpart III, Section B, Item 1, sum of (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) + (I) + (J) + (K) + (L)
- Total individuals accessing previously unavailable transportation, health care, and assistive technology - Subpart III, Section B, Item 2, sum of (A) + (B) + (C)
- Total FTEs - Subpart I, Section F, sum of Item 2 for the column
- Total FTEs with Disabilities - Subpart I, Section F, sum of Item 2 for the column

OIB Program Highlights (From RSA 7-OB Form)

- Title VII, Chapter 2, Expenditures - Part I-Sources and Amounts of Funding, (A)(1)
- Total Expenditures (including Chapter 2) - Part I-Sources and Amounts of Funding, (A)(6)
- Total Served Older Individuals who are Blind - Part III-Data on Individuals Served During This Fiscal Year, (B)-Gender, sum of (1) + (2)
- Total FTEs - Part II-Staffing, sum of (1) + (2) + (3) + (4) for the column
- Total FTEs with Disabilities - Part II-Staffing, sum of (1) + (2) + (3) + (4) for the column

APPENDIX C: EXPLANATIONS APPLICABLE TO FISCAL PROFILE TABLES 4.1-4.3

Grant Amount:

The amounts shown represent the final award for each fiscal year, and reflect any adjustments for MOE penalties, reductions for grant funds voluntarily relinquished through the reallocation process, or additional grant funds received through the reallocation process.

Match (Non-Federal Expenditures):

The non-federal share of expenditures in the Basic Support Program, other than for the construction of a facility related to a community rehabilitation program, was established in the 1992 amendments to the Rehabilitation Act at 21.3 percent. As such, a *minimum* of 21.3 percent of the total allowable program costs charged to each year's grant must come from non-federal expenditures from allowable sources as defined in program and administrative regulations governing the VR Program. (34 CFR 361.60(a) and (b); 34 CFR 80.24)

In reviewing compliance with this requirement, RSA examined the appropriateness of the sources of funds used as match in the VR program, the amount of funds used as match from appropriate sources, and the projected amount of state appropriated funds available for match in each federal fiscal year. RSA also reviewed the accuracy of expenditure information previously reported in financial and program reports submitted to RSA.

Carryover:

Federal funds appropriated for a fiscal year remain available for obligation in the succeeding fiscal year only to the extent that the VR agency met the matching requirement for those federal funds by September 30 of the year of appropriation (34 CFR 361.64(b)). Either expending or obligating the non-federal share of program expenditures by this deadline may meet this carryover requirement.

In reviewing compliance with the carryover requirement, RSA examined documentation supporting expenditure and unliquidated obligation information previously reported to RSA to substantiate the extent to which the state was entitled to use any federal funds remaining at the end of the fiscal year for which the funds were appropriated.

Program Income:

Program income means gross income received by the state that is directly generated by an activity supported under a federal grant program. Sources of state VR program income include, but are not limited to, payments from the Social Security Administration for rehabilitating Social Security beneficiaries, payments received from workers' compensation funds, fees for services to defray part or all of the costs of services provided to particular individuals, and income generated

by a state-operated community rehabilitation program. Program income earned (received) in one fiscal year can be carried over and obligated in the following fiscal year regardless of whether the agency carries over federal grant funds. Grantees may also transfer program income received from the Social Security Administration for rehabilitating Social Security beneficiaries to other formula programs funded under the Act to expand services under these programs.

In reviewing program income, RSA analyzed the total amount (as compared to the total percentage of income earned by all VR agencies and comparable/like VR agencies), sources and use of generated income.

Maintenance of Effort (MOE):

The 1992 amendments revised the requirements in section 111(a)(2)(B)(ii) of the Act with respect to maintenance of effort provisions. Effective federal FY 1993 and each federal fiscal year thereafter, the maintenance of effort level is based on state expenditures under the title I State Plan from non-federal sources for the federal fiscal year two years earlier. States must meet this prior year expenditure level to avoid monetary sanctions outlined in 34 CFR 361.62(a)(1). The match and maintenance of effort requirements are two separate requirements. Each must be met by the state.

In reviewing compliance with this requirement, RSA examined documentation supporting fiscal year-end and final non-federal expenditures previously reported for each grant year.

Administrative Costs:

Administrative costs means expenditures incurred in the performance of administrative functions including expenses related to program planning, development, monitoring and evaluation. Details related to expenditures that should be classified as administrative costs are found in VR Program regulations at 34 CFR 361.5(b)(2).